

Robert H. Gano, Newport.
 Charlie D. Harvey, North Fairfield.
 Hylas L. Vesey, Perry.
 Elsie G. Saner, Powhatan Point.
 Georgiana Pifer, Rock Creek.
 William S. Kindie, Thornville.
 Clarence E. Dowling, Wayne.
 John W. Hencke, Willoughby.

OREGON

Godfrey C. Minsker, Cloverdale.
 Claude E. Ingalls, Corvallis.
 Darwin E. Yoran, Eugene.
 Thomas W. Angus, Gardiner.
 Vincent Byram, Gold Beach.
 Roy G. Cairns, Reedsport.
 Emil F. Messing, Vernonia.
 Menno H. Wiebe, Wheeler.

PENNSYLVANIA

Howard L. Harbaugh, Fairfield.
 Effie P. Corts, Karns City.
 Wilbur C. Johnson, Lopez.
 Thomas J. Morgan, Nanticoke.
 F. Carroll Krautter, Newfoundland.
 Harry H. Carey, Plymouth.
 Howard C. Shenton, Slatington.
 Harry B. Paterson, Vandergrift.
 Clyde W. Bailey, Wellsboro.

PORTO RICO

Rafael P. Robert, Fajardo.

TEXAS

Hurlburt Slate, Amherst.
 Lucy D. Campbell, Brazoria.
 Carlton A. Dickson, Cleburne.
 Clark A. Fortner, Crosby.
 David F. Stamps, Dime Box.
 Edwin C. Hill, El Campo.
 Hugh W. Cunningham, Eliasville.
 Robbie G. Ellis, Fort Davis.
 Oliver S. York, Galveston.
 Herman L. Stulken, Hallettsville.
 Irene G. Ferguson, Hearne.
 Bobbie Kluge, Linden.
 Jackson E. Brannen, Littlefield.
 James E. Moore, Lometa.
 Andrew J. Nelson, Meadow.
 Thomas M. Welch, Palestine.
 James J. Dickerson, Paris.
 Richard J. Bradford, Pettus.
 Ruth Moncrief, Red Barn.
 Nena M. Iiams, Sugar Land.
 Hiram H. McGuffey, Three Rivers.
 George Ireland, Victoria.
 Harry Reast, Whitesboro.
 Charles A. Andrews, Wolfe City.

UTAH

William T. Boyle, Beaver.
 John A. Call, Bountiful.
 William H. Fitzwater, Duchesne.
 Jesse M. French, Greenriver.
 Glen A. Jensen, Manti.
 Walter O. Lundgreen, Monroe.
 Luke Clegg, Roosevelt.

WASHINGTON

Frank Givens, Port Orchard.

WEST VIRGINIA

Paul C. Freeman, Adrian.
 Ralph L. Teter, Belington.
 Ruth Lewis, Buffalo.

Cecil B. Dodd, Follansbee.
 Earle M. Pierpoint, Harrisville.
 Noah W. Russell, Lewisburg.
 Stillman O. Phillips, Mill Creek.
 Thomas E. Pownall, Romney.
 Clifford S. Musser, Shepherdstown.
 John W. Farnsworth, Weston.

WISCONSIN

Blanch Lyon, East Ellsworth.
 Mabel A. Dunwiddie, Juda.
 Hazel I. Hicks, Linden.
 James C. Fritzen, Neenah.
 Wesley C. Hymer, Potosi.
 Blanche Delany, Sinsinawa.
 Nathaniel C. Garland, Sturgeon Bay.
 Fred J. Hurless, Viola.

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 20, 1931

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father who art in heaven, hallowed be Thy name, Thy kingdom come and Thy will be done on earth. Then will be abolished race hatred, class struggle, and this world of ours shall be a beautiful home for Thy redeemed children. May the simple, human qualities that make men helpful and loving be not neglected by us. O blow ye winds and fill the sails of our great ship of state, and send us on and on to our ultimate task and our final harbor. We thank Thee for the best, the freest, and the bravest country on earth, our own United States. God bless the Stars and Stripes while the centuries pass by. In the name of the world's Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 17054. An act to increase the loan basis of adjusted-service certificates.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 202. An act to provide for the deportation of certain alien seamen, and for other purposes.

The message also announced that the Senate had agreed to the amendments of the House to a bill of the following title:

S. 5458. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River where Louisiana Highway No. 7 meets Texas Highway No. 7.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 980) entitled "An act to permit the United States to be made a party defendant in certain cases."

The message also announced that the Senate concurs in the amendment of the House to the amendment of the Senate No. 38 to the bill (H. R. 16415) entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1932, and for other purposes"; that the Senate disagrees to the amendment of the House to the amendment of the Senate No. 69 to said bill, asks a conference with the House on the disagreeing votes of the two houses thereon, and appoints Mr. KEYES, Mr. SMOOT, Mr. JONES, Mr. GLASS, and Mr. BROUSSARD to be the conferees on the part of the Senate.

REPORTS FROM THE COMMITTEE ON RULES

Mr. SNELL, from the Committee on Rules, submitted the following resolutions for printing in the RECORD:

PROMOTION OF COMMISSIONED OFFICERS
(House Resolution 353)

Resolved, That immediately upon the adoption of this resolution it shall be in order to take from the Speaker's table the bill (S. 550) entitled "A bill to regulate the distribution and promotion of commissioned officers of the line of the Navy, and for other purposes," and to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of such bill. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

ALTERATIONS AND REPAIRS OF CERTAIN NAVAL VESSELS
(House Resolution 365)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 4750, to authorize alterations and repairs to certain naval vessels. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

MANUFACTURE AND SALE OF OLEOMARGARINE
(House Resolution 366)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 16836, to amend the act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

VOCATIONAL EDUCATION, ETC., IN PORTO RICO
(House Resolution 367)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 5139, to extend the provisions of certain laws relating to vocational education and civilian rehabilitation to Porto Rico. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

THE FEDERAL RESERVE ACT
(House Resolution 368)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10560, to amend section 22 of the Federal reserve act. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

HEALTH AND WELFARE OF MOTHERS, ETC.

(House Resolution 369)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 255, for the promotion of the health and welfare of mothers and infants, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

RESTRICTION OF IMMIGRATION
(House Resolution 370)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 500, further restricting for a period of two years immigration into the United States. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion, except one motion to recommit.

JAMES EARL BRIGGMAN

Mr. JAMES of Michigan. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 504) for the relief of James Earl Briggman, with Senate amendments thereto, and concur in the Senate amendments.

The SPEAKER. The Clerk will report the title of the bill and the Senate amendments.

The Clerk reported the title of the bill and the Senate amendments, as follows:

Page 1, line 5, strike out "Briggman" and insert "Brigman." Amend the title so as to read: "An act for the relief of James Earl Briggman."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were concurred in.

ROBERT GRAHAM MOSS

Mr. JAMES of Michigan. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2694) conferring the rank, pay, and allowances of a major of Infantry, to date from March 24, 1923, upon Robert Graham Moss, late captain, Infantry, United States Army, deceased, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The Clerk will report the bill and the Senate amendment.

The Clerk read the title of the bill and the Senate amendment, as follows:

Amend the title so as to read: "An act for the relief of the widow of Robert Graham Moss."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in.

FORT SILL MILITARY RESERVATION

Mr. JAMES of Michigan. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7272) to provide for the paving of the Government road across Fort Sill (Okla.) Military Reservation, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The Clerk will report the bill and the Senate amendment.

The Clerk read the title of the bill and the Senate amendment, as follows:

Page 1, strike out line 5 and down through and including "north," in line 6.

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in.

CATHARINE PANTURIS

Mr. IRWIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 458) for the relief of Catharine Panturis, with Senate amendments thereto, and concur in the Senate amendments.

The SPEAKER. The Clerk will report the title of the bill and the Senate amendments.

The Clerk reported the title of the bill and the Senate amendments, as follows:

Page 1, line 5, strike out "the sum of \$1,000."

Page 1, line 6, strike out all after "Panturis," down to and including "Columbia" in line 10, and insert: "during her natural life, or in the event of her death payment shall be made to her three minor children until they have reached their majority, the sum of \$25 per month, in full settlement of all claims against the Government on account of the death of her husband, Chris Panturis, Two hundred and eleventh Aero Squadron, who was killed on June 4, 1927, by an inmate of St. Elizabeths Hospital, Washington, D. C., said monthly payments to be paid through the United States Employees' Compensation Commission."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were concurred in.

AGNES LOUPINAS

Mr. IRWIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3187) for the relief of Agnes Loupinas, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The Clerk will report the bill and the Senate amendment.

The Clerk read the title of the bill and the Senate amendment, as follows:

Page 1, line 7, after "received" insert: "by her."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in.

CHARLES PARSHALL

Mr. IRWIN. Mr. Speaker, I ask unanimous consent to file minority views by the gentleman from Texas [Mr. Box] on the bill (S. 612) for the relief of Charles Parshall, Fort Peck Indian allottee, of the Fort Peck Reservation, Mont.

The SPEAKER. Is there objection?

There was no objection.

STATE, JUSTICE, COMMERCE, AND LABOR DEPARTMENTS APPROPRIATION BILL, 1932

Mr. SHREVE. Mr. Speaker, I call up the conference report on the bill (H. R. 16110) making appropriations for the Departments of State and Justice and for the judiciary and for the Departments of Commerce and Labor for the fiscal year ending June 30, 1932, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16110) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor for the fiscal year ending June 30, 1932, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 9, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28,

29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 52, 53, 54, 56, 57, 58, 59, 60, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 107, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 148, 149, 151, 153, 154, 155, 156, 157, 158, 159, and 160.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, and 147, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$1,960,588; in all, \$1,985,588"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$2,000,000"; and on page 14 of the bill, in line 2, after the word "expended," insert the following: "Provided, That in expending appropriations for the foregoing purposes obligations shall not be incurred which will require expenditures in excess of the total of \$10,000,000 now authorized by law"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,587,709"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$328,160; in all, \$343,160"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$646,700"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$80,000"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$8,992,640"; and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$736,280"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,013,131"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$518,220"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$387,592"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: In lieu of the sum proposed insert: "\$78,200"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the sum proposed insert: "\$62,599"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: In lieu of the sum proposed insert: "\$5,334,122"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,055,000"; and the Senate agree to the same.

Amendment numbered 106: That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$121,790"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$653,080"; and the Senate agree to the same.

Amendment numbered 120: That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows: In lieu of the number proposed insert "sixty-one"; and the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$662,313"; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$10,534,160"; and the Senate agree to the same.

Amendment numbered 152: That the House recede from its disagreement to the amendment of the Senate numbered 152, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,368,800"; and the Senate agree to the same.

MILTON W. SHREVE,
GEORGE HOLDEN TINKHAM,
ERNEST R. ACKERMAN,
ROBERT L. BACON,
W. B. OLIVER,
ANTHONY J. GRIFFIN,

Managers on the part of the House.

W. L. JONES,
FREDERICK HALE,
WM. J. HARRIS,
KENNETH MCKELLAR,
GEO. H. MOSES,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16110) making appropriations for the Departments of State and Justice, and the judiciary, and the Departments of Commerce and Labor for the fiscal year ending June 30, 1932, and for other purposes, submit the following statement explaining the effect of the action agreed upon by the conference committee and submitted in the accompanying conference report:

The following amendments, with respect to which the accompanying conference report recommends that the Senate shall recede, deal exclusively with the underaverage salary increases: 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 52, 53, 54, 56, 57, 58, 59, 60, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 95, 96, 97, 98, 99, 100, 101, 102, 103, 107, 109, 110, 111, 112, 113, 114, 115, 116, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 140, 141, 142, 146, 148, 149, 151, 153, 154, 155, 156, 157, 158, 159, and 160.

The following amendments involved salary increases along with other purposes. As to each of these amendments the Senate has receded from the salary increase portion of the amendment and the action of the managers on the rest of the matter involved in each of such amendments is as follows:

On No. 1: Increases the House appropriation for "Salaries, office of the Secretary of State," by \$1,620, as proposed by the Senate, to provide for the employment of one visa clerk.

On No. 2: Strike out \$3,240 proposed by the Senate for additional personnel for passport agencies.

On No. 49: Increases the House appropriation for salaries, office of the Secretary of Commerce, by \$1,620, to provide for one additional clerk, instead of \$3,060 to provide for two additional clerks, as proposed by the Senate.

On No. 50: Increases the House appropriation for the radio division, Department of Commerce, by \$146,700 instead of by \$180,000, as proposed by the Senate.

On No. 51: Increases the House appropriation for the amount to be expended for personal services in the District of Columbia, under the radio division, Department of Commerce, by \$10,000, instead of \$12,020, as proposed by the Senate.

On No. 55: Increases the House appropriation for air-navigation facilities, Department of Commerce, by \$20,000, as proposed by the Senate, for survey and investigations of the northern transcontinental airway.

On No. 61: Increases the House appropriation for District and cooperative office service by \$26,280, instead of \$41,280, as proposed by the Senate.

On No. 62: Increases the House appropriation for export industries, Bureau of Foreign and Domestic Commerce, by \$40,131, instead of \$68,660, as proposed by the Senate, for additional employees and Brookhart Act increases.

On No. 63: Increases the House appropriation for domestic and raw material investigations, Bureau of Foreign and Domestic Commerce, by \$25,000, instead of \$50,000, as proposed by the Senate.

On No. 64: Increases the House appropriation for customs statistics, Bureau of Foreign and Domestic Commerce, by \$2,592, as proposed by the Senate, to take care of increases under the Brookhart Act.

On No. 65: Increases the House appropriation for "lists of foreign buyers," Bureau of Foreign and Domestic Commerce, by \$8,200, as proposed by the Senate, to provide for additional employees and increases under the Brookhart Act.

On No. 66: Increases the House appropriation for "Investigation of foreign-trade restrictions," Bureau of Foreign and Domestic Commerce, by \$159, as proposed by the Senate, to provide for salary increases under the Brookhart Act.

On No. 67: Corrects a total.

On No. 68: Corrects a total.

On No. 94: Strikes out \$24,000, proposed by the Senate, for an investigation pertaining to silver.

On No. 104: Corrects a total.

On No. 105: Corrects a total.

On No. 106: Increases the House appropriation for "salaries," office of the commissioner, Bureau of Lighthouses, by \$8,990, as proposed by the Senate, to provide for additional personnel and Brookhart Act increases.

On No. 108: Increases the House appropriation for "salaries," superintendents, clerks, etc., Lighthouse Service, by

\$740, as proposed by the Senate, to provide additional personnel.

On No. 135: Strikes out \$5,000, proposed by the Senate, for testing fuel at Salt Lake City, Utah.

On No. 143: Strikes out \$25,000, proposed by the Senate, under economics of mineral industries for studies of silver.

On No. 144: Strikes out \$25,000, as proposed by the Senate, from the amount which may be expended for personal services in the District of Columbia under the head of "Economics in mineral industries."

On No. 145: Corrects a total.

On Nos. 150 and 152: Increases the House appropriation for "Salaries and expenses," Bureau of Immigration, as proposed by the Senate, by \$500,000, to provide for 250 additional employees in the border patrol.

The following amendments do not involve salary increases:

On No. 3: Makes available for 1932 the unexpended balance of the appropriation made for "collecting and editing official papers of Territories of the United States" for the fiscal year 1931, as proposed by the Senate.

On Nos. 4, 5, 6, and 7, pertaining to salaries of envoys extraordinary and ministers plenipotentiary, increases the House appropriation for the salary of the minister resident and consul general to Liberia by \$5,000, as proposed by the Senate.

On No. 8: Strikes out a comma.

On No. 9: Strikes out of the appropriation for "Contingent expenses, United States consulates," the increase of \$20,000 proposed by the Senate for travel in commercial work.

On No. 10: Increases the House appropriation for "Foreign Service buildings fund" by \$800,000, as proposed by the Senate.

On No. 11: Appropriates for "Rent, heat, fuel, and light" for the Foreign Service \$1,587,709, instead of \$1,567,332, as proposed by the House, and \$1,607,709, as proposed by the Senate.

On No. 16: Strikes out the proviso proposed by the Senate relative to use of funds for investigation of Federal judges.

On Nos. 117, 118, 119, 120, and 121: Relating to commissioned officers, Coast and Geodetic Survey: Provides for 7 additional officers with relative rank of lieutenant (junior grade) instead of 1 additional with relative rank of commander, 3 additional with relative rank of lieutenant commander, and 3 additional with relative rank of lieutenant, as proposed by the Senate.

On No. 147: Changes language, striking out "Expenses of regulating immigration," as contained in the House bill, and inserting in lieu thereof "Salaries and expenses, Bureau of Immigration," as proposed by the Senate.

MILTON W. SHREVE,
GEORGE HOLDEN TINKHAM,
ERNEST R. ACKERMAN,
ROBERT L. BACON,
W. B. OLIVER,
ANTHONY J. GRIFFIN,

Managers on the part of the House.

Mr. GARNER. Will the gentleman yield?

Mr. SHREVE. I yield.

Mr. GARNER. In order that the Record may show why this conference committee is composed differently from other conference committees on the part of the House, I would like to ask the gentleman from Pennsylvania [Mr. SHREVE] why there are four Republican conferees and two Democratic conferees on this conference committee, and on all other conference committees, as I recall, there are either three Republicans and two Democrats or two Republicans and one Democrat?

Mr. SHREVE. For many years this subcommittee carried into conference the entire committee. During the last year and a half another member was added to the committee, so we just carried on the same rule that had obtained for 7 or 8 or 10 years. There is no reason for it other than that the committee has been enlarged.

Mr. GARNER. Is this the only subcommittee of the Committee on Appropriations which is composed of six members?

Mr. SHREVE. I think it is.

Mr. STAFFORD. The committee on the deficiency—

Mr. GARNER. Oh, I understand; but that is a special committee. I am trying to find out whether there was any weakness in the subcommittee that caused another member to be added, or whether there was some particular reason for it. I think the Record ought to be cleared up. Of course, if there was weakness on the part of the Republican side on that committee, naturally it was all right to add an additional member, but we are entitled to know just why that committee was strengthened.

Mr. CRAMTON. Will the gentleman yield?

Mr. SHREVE. Certainly.

Mr. CRAMTON. I recall that while the late Martin B. Madden was chairman of the subcommittee handling the Treasury and Post Office Departments bill, he appointed a sixth member of that committee, and I think no one would intimate it was because of any weakness in that subcommittee.

Mr. GARNER. I am not intimating. I am asking a question. The gentleman from Michigan [Mr. CRAMTON] has taken it as an intimation. I was asking a question why that was done. I am waiting for the gentleman from Pennsylvania [Mr. SHREVE] to answer.

Mr. SHREVE. The gentleman from Pennsylvania has answered.

Mr. GARNER. Has the gentleman from Tennessee [Mr. BYRNS] any explanation?

Mr. BYRNS. I simply want to make the statement that I do not know whether that number obtains with reference to any other subcommittee than the Deficiency Appropriation Subcommittee, except in the case of the Post Office and Treasury Departments appropriation bill, to which the gentleman from Michigan [Mr. CRAMTON] has referred. There are six members on that committee.

Mr. GARNER. At the present time?

Mr. BYRNS. At the present time.

Mr. GARNER. Do they all go to conference?

Mr. BYRNS. They did this time.

Mr. GARNER. What is the reason for adding a member to this subcommittee?

Mr. BYRNS. The gentleman will have to get that information from the other side. The subcommittees are appointed by the chairman of the committee. I do not know just what the reason was.

Mr. GARNER. I hope the gentleman from Pennsylvania [Mr. SHREVE] will give some reason for some of his committees being composed of six members and some only five members. I know it is interesting. Inquiries have been made, and I think it would be a reasonable thing for the gentleman to state why it is that some of them require five members and some require six.

Mr. SHREVE. The gentleman from Pennsylvania is not concerned in appointing the committees. That is done by somebody higher up, and we accept the situation, and we were very glad to have the assistance of the distinguished gentleman who was added to the committee the last time.

Mr. GARNER. Who is "the gentleman higher up"?

Mr. SHREVE. The chairman of the committee, I suppose.

Mr. GARNER. Does the gentleman mean the gentleman from Indiana, Mr. Wood?

Mr. SHREVE. I presume so.

Mr. GARNER. I wonder if the gentleman would yield sufficient time to the gentleman from Indiana [Mr. Wood] to let the Record show just why the committees are made up as they are?

Mr. SHREVE. I will be glad to do so.

Mr. LINTHICUM. Will the gentleman yield to me for a question?

Mr. SHREVE. Certainly.

Mr. LINTHICUM. I wanted to ask with reference to the appropriation for the Foreign Service Building Commission?

Mr. SHREVE. I am very happy to inform the gentleman from Maryland that we have restored the item to the

Budget estimate, with a provision that no obligations should be made other than the \$10,000,000 provided in the original act. Everybody seemed to be satisfied with the arrangement.

Mr. LINTHICUM. But that is not the particular item I was speaking about. I was speaking about the appropriation. The House Committee on Appropriations authorized \$1,200,000—

Mr. SHREVE. That is just what I am talking about. We put it back to \$2,000,000.

Mr. LINTHICUM. That is very good.

Mr. BYRNS. Will the gentleman yield?

Mr. SHREVE. Certainly.

Mr. BYRNS. Senate amendment No. 61 increases the appropriation which was passed by the House for district and cooperative offices from \$710,000 to \$755,000, an increase of \$45,000. I notice the conferees have agreed to \$26,280 increase over that provided by the House. What is that for?

Mr. SHREVE. That brings it up to the Budget estimate.

Mr. BYRNS. I understand, but the gentleman remembers there was some discussion on the floor with reference to whether or not there is going to be a continuance of the installation of new district offices throughout the country, and I was interested in knowing whether or not this increase was to make provision for that?

Mr. SHREVE. It does not provide for any additional offices. This fund was a general increase over the entire system, to strengthen various points where strength was needed, but it was not calculated for any district offices.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. Under the order of the House the gentleman from New York [Mr. PARKER] is entitled to recognition for 15 minutes, but the Chair will give preference in recognition to conference reports.

CONFERENCE REPORT—DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. SIMMONS. Mr. Speaker, I call up the conference report on the bill (H. R. 16738) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1932, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. The gentleman from Nebraska calls up a conference report and asks unanimous consent that the statement may be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16738) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1932, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 4, 5, 6, 7, 10, 17, 18, 19, 37, 38, 39, 40, 42, 46, 47, 52, 57, and 58.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 8, 9, 11, 12, 13, 16, 20, 35, 41, 43, 44, 45, 48, 49, 50, 51, 53, 54, 59, 60, and 61, and agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$161,160"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: "including for teachers' colleges assistant professors in salary class 7,"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Woodridge School, \$2,095; Murch School, \$2,900; school at Fourteenth Street and Kalmia Road, \$4,995"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$44,015"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$16,190"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$18,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$13,090"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$44,015"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$5,115"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$5,440"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$13,820"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$8,570"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$8,570"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$7,415"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$3,660"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$202,890"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$853,900"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "not exceeding \$37,000 for grading and improving the roadway of Rock Creek Park to the District line"; and the Senate agree to the same.

The committee of conference have not agreed on amendment numbered 36.

ROBT. G. SIMMONS,
WM. P. HOLADAY,
M. H. THATCHER,
CLARENCE CANNON,
ROSS A. COLLINS,

Managers on the part of the House.

HIRAM BINGHAM,
L. C. PHIPPS,
ARTHUR CAPPER,
CARTER GLASS,
JOHN B. KENDRICK,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16738) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1932, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On No. 1: Strikes out, as proposed by the Senate, the House limitation respecting the filling of vacancies in the grade of junior clerk in the office of Recorder of Deeds.

On No. 2: Strikes out the appropriation of \$100,000, inserted by the Senate, for the District of Columbia George Washington Bicentennial Commission.

On No. 3: Strikes out the increase of \$4,500, proposed by the Senate, for temporary personal services in the Employment Service.

On Nos. 4, 5, and 6, relating to street improvements: Strikes out the item of \$17,044.28 and \$7,740, respectively, for the widening of Seventeenth Street NW., and for the grading of Eastern Avenue NE.

On Nos. 7 and 8: Restores the House language providing for the widening of B Street NW. to 80 feet, and makes the appropriation immediately available, as proposed by the Senate.

On No. 9: Makes the appropriation for the Connecticut Avenue Bridge over Kingle Valley immediately available.

On No. 10: Strikes out the proviso inserted by the Senate to relieve the Superintendent of Trees and Parkings for a rental charge for the quarters he occupies.

On No. 11: Provides, as proposed by the Senate, for the purchase of automobiles in connection with the appropriation for control and prevention of the spread of mosquitoes.

On Nos. 12 and 13, relating to the electrical department: Makes \$10,000 and \$9,225, respectively, immediately available in connection with the police and fire-alarm systems.

On Nos. 14 to 35, inclusive, and 37 to 46, inclusive, relating to public schools: Appropriates \$161,160 for personal services of clerks and other employees instead of \$156,650 as proposed by the House and \$164,580 as proposed by the Senate, the increase above the House amount to provide for one clerk at \$1,620 for the college for colored teachers, one clerk at \$1,440 for the assistant superintendent in charge of colored schools, and one clerk at \$1,440 for the McKinley High School; makes provision for assistant professors for teachers' colleges in salary class 7 instead of salary class

11, as proposed by the Senate, and provides for professors in salary class 12, as proposed by the Senate, instead of salary class 9, as proposed by the House; strikes out the increase of \$3,700 inserted by the Senate for per diem field workers for Americanization instruction; appropriates \$834,670, as proposed by the Senate, instead of \$833,270, as proposed by the House, for personal services for care of buildings and grounds; appropriates \$202,890 for furnishing and equipping new school buildings instead of \$171,000 as proposed by the House and \$218,654 as proposed by the Senate, the additions to the House total consisting of amounts for the Woodridge, Murch, and the new school at Kalmia Road, not included in the House bill, and compromise amounts on items of the House bill increased by the Senate; makes \$200,000, as proposed by the Senate, instead of \$100,000, as proposed by the House, of certain unexpended balances of school-building appropriations available during 1932 for the improvement of grounds surrounding school buildings; strikes out the increase of \$10,000 proposed by the Senate for construction of an addition to the Woodridge School; strikes out the increase of \$10,000 proposed by the Senate for the addition to the Murch School; makes \$120,000 available, as proposed by the Senate, for an 8-room addition to the Janney School; appropriates \$490,000, as proposed by the Senate, instead of \$530,000, as proposed by the House, for school-building and playground sites, and strikes out the authority in the House bill for the purchase of a site in the vicinity of the Keene School; and strikes out the paragraph inserted by the Senate making the appropriation for 1931 for the purchase of a site for an 8-room building west of Connecticut Avenue and south of Jenifer Street available for the purchase of a site for such a building west of Connecticut Avenue and south of Military Road.

On No. 47: Strikes out the increase of \$5,000 inserted by the Senate for a site for a fire house in the vicinity of Twelfth and Rhode Island Avenue NE.

On Nos. 48 and 49, relating to the Board of Public Welfare: Increases the House appropriation for personal services from \$112,700 to \$114,500, as proposed by the Senate; and increases the appropriation of the House for home care for dependent children from \$138,280 to \$153,280, as proposed by the Senate.

On Nos. 50 and 51, relating to the Workhouse and Reformatory: Continues available during the fiscal year 1932, \$60,000 as proposed by the Senate, instead of \$12,000 as proposed by the House, out of the 1931 appropriation for power system and water supply.

On No. 52: Strikes out the increase of \$3,800 proposed by the Senate, for personal services at the Tuberculosis Hospital.

On No. 53: Makes a technical correction in the text of the bill under Gallinger Hospital.

On No. 54: Makes immediately available \$5,000 of the appropriation for construction of dormitories and school-building facilities at the Industrial Home School for Colored Children.

On Nos. 55, 56, 57, and 58, relating to public buildings and public parks: Appropriates \$853,900 for general expenses instead of \$816,900, as proposed by the House, and \$873,900, as proposed by the Senate, in order to provide \$37,000 for grading and improving the roadway of Rock Creek Park to the District line; and eliminates \$20,000 for a recreational center in the Manor Park section; appropriates \$180,885 for salaries of park police as proposed by the House, instead of \$193,135, as proposed by the Senate, and strikes out the increase of \$1,045, inserted by the Senate, for miscellaneous expenses of the park police.

On No. 59: Increases the appropriation for the National Zoological Park by \$4,500, as proposed by the Senate.

On Nos. 60 and 61: Makes the appropriation for the construction of a water reservoir in Fort Stanton Park immediately available, as proposed by the Senate, and makes a technical correction in the paragraph.

DISAGREEMENT

On No. 36, relating to the under-age kindergarten in the Webster School: The managers on the part of the House

will recommend concurrence in the Senate amendment with an amendment.

ROBT. G. SIMMONS,
WM. P. HOLADAY,
M. H. THATCHER,
CLARENCE CANNON,
ROSS A. COLLINS,

Managers on the part of the House.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Amendment No. 36: On page 48, after line 3, insert "Provided, That nothing herein shall be construed as discontinuing or curtailing the activities of the kindergarten now being operated at the Webster School in connection with the Americanization work."

Mr. SIMMONS. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment as follows:

Provided, That this limitation shall not be considered as preventing the employment of a matron and the care of children under school age at the Webster School whose parent or parents are in attendance in connection with Americanization work.

The SPEAKER. The question is on the motion of the gentleman from Nebraska to recede and concur with an amendment.

The motion was agreed to.

CONFERENCE REPORT—WAR DEPARTMENT APPROPRIATION BILL

Mr. BARBOUR. Mr. Speaker, I call up the conference report on the bill (H. R. 15593) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1932, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. The gentleman from California calls up a conference report on House bill 15593, and asks unanimous consent that the statement may be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 15593) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1932, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 20, 21, 24, 25, 26, 27, 28, 29, 31, 33, 34, 35, 42, 47, 49, 50, 51, 52, 53, 56, 57, 58, 59, 60, 61, 62, 63, 67, 68, 69, 73, 75, 76, and 77.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 22, 23, 37, 38, 39, 45, 46, 55, 64, 65, 70, and 71, and agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$85,413"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$5,105,897"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$14,472,585"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$31,479,635"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,779,129"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows: In line 7 of the matter inserted by said amendment, before the period, insert: ", to be available immediately"; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 30, 32, 40, 41, 43, 44, 48, 72, and 74.

HENRY E. BARBOUR,
FRANK CLAGUE,
JOHN TABER,
ROSS A. COLLINS,
WILLIAM C. WRIGHT,

Managers on the part of the House.

DAVID A. REED,
W. L. JONES,
HIRAM BINGHAM,
WM. J. HARRIS,
DUNCAN U. FLETCHER,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 15593) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1932, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 24, 25, 31, 33, 34, 35, 47, 49, 50, 51, 52, 53, 56, 57, 58, 59, 62, 63, 68, 69, 73, and 75: Appropriates for personal services, as proposed by the House, instead of allowing increases for promoting employees in under-average grades, as proposed by the Senate.

On No. 4: Appropriates for classifying and indexing the military personnel records of the World War \$250,000, as proposed by the Senate, instead of \$200,000, as proposed by the House.

On No. 12: Appropriates for salaries, office of Chief of Bureau of Insular Affairs, \$85,413, instead of \$85,033, as proposed by the House, and \$85,713, as proposed by the Senate.

On No. 19: Corrects a total.

On No. 20: Appropriates \$155,000 for contingent expenses, War Department, as proposed by the House, instead of \$157,000, as proposed by the Senate.

On No. 21: Restores House provision in re use of funds not required in consequence of the economic survey which has been conducted by the War Department.

On No. 22: Appropriates \$30,000 for participation by the United States Army in the Yorktown Sesquicentennial Celebration, as proposed by the Senate.

On No. 23: Appropriates \$57,480, as proposed by the Senate, instead of \$47,480, as proposed by the House, for contingencies, Military Intelligence Division.

On Nos. 26 to 29, both inclusive, relating to pay of the Army: Makes available \$131,132 for increased pay for retired officers on active duty, as proposed by the House, instead of \$168,650, as proposed by the Senate, and provides for the use of \$800,000 of purchase-of-discharge funds, as proposed by the House, instead of \$400,000, as proposed by the Senate.

On No. 36: Appropriates \$14,472,585 for Army transportation, instead of \$14,442,155, as proposed by the House, and \$14,506,955, as proposed by the Senate.

On Nos. 37 and 38, relating to horses, draft and pack animals: Makes \$132,500 available for the encouragement of the breeding of riding horses, as proposed by the Senate, instead of \$120,000, as proposed by the House.

On Nos. 39, 42, and 45, relating to military posts: Excepts the appropriation from the provisions of sections 1136 and 3734 of the Revised Statutes, as proposed by the Senate; makes available \$36,760 for construction at Fort Francis E. Warren, Wyo., as proposed by the House, instead of \$69,745, as proposed by the Senate, and reappropriates \$343,784 on account of construction at Fort Lewis, Wash., and \$75,000 on account of construction at Fort Benning, Ga., as proposed by the Senate.

On No. 67: Appropriates \$200,000 for arms, ammunition, etc., for target practice, as proposed by the House, instead of \$250,000, as proposed by the Senate.

On No. 46: Clarifies the text of the appropriation for barracks and quarters, as proposed by the Senate.

On Nos. 54 and 55, relating to the Air Corps: Appropriates \$31,479,635, instead of \$31,679,635, as proposed by the House, and \$31,522,295, as proposed by the Senate, and makes available for experimental and research work \$2,310,377, as proposed by the Senate, instead of \$2,510,377, as proposed by the House.

On Nos. 60 and 61, relating to the Chemical Warfare Service: Appropriates \$1,252,099, as proposed by the House, instead of \$1,681,579, as proposed by the Senate, and strikes out the proposal of the Senate that \$420,000 of the appropriation shall be available for gas masks.

On No. 64: Appropriates \$6,537,785 for the Organized Reserves, as proposed by the Senate, instead of \$6,765,385, as proposed by the House.

On No. 65: Appropriates \$3,970,000 for the Reserve Officers' Training Corps, as proposed by the Senate, instead of \$3,960,000, as proposed by the House.

On No. 66: Appropriates \$2,779,129 for citizens' military training camps, instead of \$2,802,754, as proposed by the House, and \$2,779,849, as proposed by the Senate.

On No. 70: Appropriates \$40,120 for Shiloh National Military Park, as proposed by the Senate, instead of \$90,120, as proposed by the House.

On No. 71: Continues available until June 30, 1932, the unexpended balances of the appropriations for survey of battlefields in the vicinity of Richmond, Va., and the battlefield of Saratoga, N. Y., as proposed by the Senate.

On No. 76: Strikes out the provision inserted by the Senate with respect to giving the Secretary of Agriculture authority to use \$5,000,000 of the \$45,000,000 appropriation for drought relief in certain ways as to aid in extending credit to farmers.

On No. 77: Strikes out the provision inserted by the Senate authorizing and directing the Federal Farm Board to make available 20,000,000 bushels of wheat, or so much thereof as may be necessary, to provide food for the distressed people in various parts of the United States.

On No. 78: Appropriates \$7,500 for expenses of attendance of the Army Band at the Confederate Veterans' Reunion at Montgomery, Ala., in June, 1931, as proposed by the Senate, amended to be immediately available.

The managers on the part of the House have agreed to recommend that the House either recede and concur or recede and concur with amendments in the following amendments of the Senate:

On No. 30: Relating to Army personnel engaging with publications carrying paid advertising.

On No. 32: Relating to the purchase of oleomargarine or butter substitutes.

On Nos. 40, 41, 43, and 44: Relating to an appropriation of \$45,000 for construction at West Point, N. Y., and an appropriation of \$12,000 for reimbursing the Gray Ladies of the Red Cross.

On No. 48: Relating to the procurement of articles of the growth, production, or manufacture of the United States.

On No. 72: Relating to the repair, restoration, and rehabilitation of Old Fort Niagara, N. Y.

On No. 74: Relating to the construction of a public terminal for coastwise traffic in Biloxi Harbor, Miss.

HENRY E. BARBOUR,
FRANK CLAGUE,
JOHN TABER,
ROSS A. COLLINS,
WILLIAM C. WRIGHT,

Managers on the part of the House.

Mr. CRAMTON. Mr. Speaker, will the gentleman from California yield?

Mr. BARBOUR. Yes.

Mr. CRAMTON. I note that the \$200,000 item in connection with experiments on metal-clad airships is eliminated. As I understand, that is not done because of any lessening of regard on the part of the House conferees for that item, but that the item has been inserted by the Senate in the naval appropriation bill, with general consent all around.

Mr. BARBOUR. That is true. It was inserted in the naval appropriation bill in the Senate by the committee in charge of the bill.

Mr. STAFFORD. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. STAFFORD. I assume the reason why they incorporated that item in the naval appropriation bill and determined to strike it out of the War Department appropriation bill was because the War Department is strenuously opposed to the idea of launching into that project, and for the further reason, perhaps, that the Navy Department has already been experimenting with a smaller metal-clad ship.

Mr. BARBOUR. Those reasons were considered. The War Department officials stated before the Senate Committee in charge of this bill that they preferred that the item be not included in the bill. The Navy Department is experimenting along that line and we thought that possibly the present arrangement would be a happy solution.

Mr. STAFFORD. And ultimately eliminating it entirely.

Mr. BARBOUR. No. I understand it will come back to the House for a vote in the Navy appropriation bill.

Mr. TABER. Is not this the situation: That the prospective conferees on the part of the House in connection with the naval appropriation bill have agreed that if the item is included in the naval appropriation bill on the Senate side they will bring it back to the House for a vote, although they are personally opposed to it?

Mr. BARBOUR. That is true.

Mr. CRAMTON. It is understood that they will either concur or bring it back?

Mr. BARBOUR. That is it.

Mr. LaGUARDIA. The project has not been abandoned at all.

Mr. BARBOUR. No, indeed.

Mr. LaGUARDIA. The item is being shifted to the naval appropriation bill, and the House will be given an opportunity to vote for it if the conferees do not agree.

Mr. STAFFORD. They are shifting this white elephant to the Navy.

Mr. LaGUARDIA. It is not a white elephant.

Mr. STAFFORD. If the gentleman ever saw it he would agree with that statement.

Mr. LaGUARDIA. The gentleman could not have seen anything that did not exist.

Mr. STAFFORD. But the smaller type is a baby white elephant.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. BARBOUR. Mr. Speaker, I want to make this comment, that this bill is unique in that, as it comes from conference, it carries less money by \$258,000 than it carried when it passed the House of Representatives. [Applause.]

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 30: On page 12, line 18, after the word "Army," insert "No appropriation for the pay of the Army shall be available for the pay of any officer or enlisted man in the Army who is engaged in any manner with any publication which is or may be issued by or for any branch or organization of the Army or military association in which officers or enlisted men have membership and which carries paid advertising of firms doing business with the Government: *Provided, however, That nothing herein contained shall be construed to prohibit officers from writing or disseminating articles in accordance with regulations issued by the Secretary of War.*"

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur with an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Mr. BARBOUR moves to recede and concur in Senate amendment No. 30, with an amendment as follows: In line 2 of the engrossed Senate amendment strike out the word "in" after the word "man" and insert in lieu thereof "on the active list of."

Mr. BARBOUR. Mr. Speaker, I yield the gentleman from New York [Mr. WAINWRIGHT] three minutes.

Mr. WAINWRIGHT. Mr. Speaker, I think the House should understand that this amendment is one which has already been voted upon and was the subject of considerable debate in the House, namely, a proposition to exclude from the management of the service journals of the Army, officers who are giving their time to it at the present time.

The effect of this amendment, as was demonstrated in the debate when this matter was up before, will be to deprive the service journals of the services in positions of management or editorship of those who are best available to conduct the work.

This amendment should not be agreed to, and the House to be consistent should pursue the same course it did when the matter was so thoroughly discussed before. The amendment should not be adopted.

Mr. BARBOUR. Mr. Speaker, in reply to the gentleman from New York, this amendment is intended to correct a situation that should be corrected. It prevents Army officers on the active list from being connected with publications which are engaged in the solicitation of advertisements, and it was brought to the attention of the conferees after the bill passed the House that there had been at least one letter written by an Army officer connected with a publication which the conferees felt was not in any way proper.

Mr. LAGUARDIA. Are these publications published by private corporations? They are not published by the Government.

Mr. BARBOUR. No. I understand they are published by groups of men in the various branches of the service and they are maintained by a subscription list and by paid advertisements.

Mr. LAGUARDIA. But they are not published with Government funds?

Mr. BARBOUR. No; they are not published with Government funds.

Mr. WAINWRIGHT. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. WAINWRIGHT. The gentleman will admit that if this amendment is adopted the result will be that those who are to-day conducting these valuable service publications will be prevented from having practically anything to do with them, and the only part that Army officers can take in the publication of such journals will be in contributing articles to them.

Mr. BARBOUR. No; I do not agree with that. It was stated to the conferees by a Senator from the State of New Hampshire that in all probability some of these magazines can be taken care of through the Joint Committee on Printing.

Mr. LAGUARDIA. It seems to me that would be much more desirable.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 32: Page 16, beginning in line 17, strike out the colon and the proviso ending in line 20.

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur with an amendment which I have sent to the Clerk's desk.

The Clerk read as follows:

Mr. BARBOUR moves to recede and concur in amendment No. 32, with the following amendment: Restore the matter stricken out by said amendment, amended to read as follows: "*Provided, That none of the money appropriated in this act shall be used for the purchase of oleomargarine or butter substitutes for other than cooking purposes, except to supply an expressed preference therefor or for use where climatic or other conditions render the use of butter impracticable.*"

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 40: On page 24, in line 23, strike out "\$20,638,990" and insert in lieu thereof "\$20,728,975."

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur with an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Mr. BARBOUR moves to recede and concur in Senate amendment No. 40, with an amendment as follows: In lieu of the sum inserted by said amendment insert "\$20,695,990."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 41: On page 25, in line 7, after "1931" insert a colon and the following: "*Provided, That of the amount herein appropriated not to exceed \$45,000 shall be available for completing the construction of the new officers' apartment building at the United States Military Academy, West Point, N. Y.: Provided further, That of the amount herein appropriated \$12,000 shall be made available for reimbursing the Gray Ladies of the Red Cross for expenditures already made in connection with the construction of the nonsectarian chapel at Walter Reed General Hospital, District of Columbia, authorized by the acts of February 25, 1929 (45 Stat. 1301), and February 28, 1928 (45 Stat. 156)."*

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 43: Page 25, line 24, strike out the word "*Provided.*"

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 44: On page 26, in line 5, strike out "\$19,138,990" and insert in lieu thereof "\$19,228,975."

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur with an amendment which I have sent to the Clerk's desk.

The Clerk read as follows:

Mr. BARBOUR moves to recede and concur in Senate amendment No. 44, with an amendment as follows: In lieu of the sum inserted by said amendment, insert "\$19,195,990."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 48: On page 29, beginning in line 8, strike out the paragraph ending in line 17 and insert in lieu thereof:

"That in the expenditure of appropriations in this act the Secretary of War shall, when in his discretion the interest of the Government will permit, purchase for use, or contract for the use of, within the limits of the United States only articles of the growth, production, or manufacture of the United States, notwithstanding any existing laws to the contrary."

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. BARBOUR moves to recede and concur with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"That in the expenditure of appropriations in this act the Secretary of War shall, unless in his discretion the interest of the Government will not permit, purchase or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable."

Mr. BARBOUR. Mr. Speaker, I yield three minutes to the gentleman from New York [Mr. LA GUARDIA].

Mr. LA GUARDIA. Mr. Speaker, when this bill was being considered the House was extremely interested in this amendment. I realize that the conferees did everything that was humanly possible in maintaining the House amendment. I simply want to call the attention of the House to the fact that if you recede and concur with the suggested amendment, it makes the whole purpose of the House amendment inoperative. It leaves the proviso to the discretion of the Secretary of War, and I know, and I predict, that he will certify that all food, butter and eggs and dairy products used by the Army in Panama can be better purchased in Australia and New Zealand, instead of Minnesota, Wisconsin, and other States.

So, gentlemen, if you really want to have your Army consume products from your home market, the thing to do is to insist upon the House amendment and vote down the Senate amendment and amendment thereto.

The SPEAKER. The question is on the motion of the gentleman from California.

The question was taken, and the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Old Fort Niagara, N. Y.: For the completion of repair, restoration, and rehabilitation of the French castle, the French powder magazine, the French storehouse, the early American hot-shot oven and battery emplacements and gun mounts, the casemates of 1861, and the outer French breastworks, and for the repair and building of roadways and the improvement of grounds at Old Fort Niagara, N. Y., to be available until expended, \$35,000, to be expended only when matched by an equal amount by donation from local interests for the same purpose, such equal amount to be expended by the Secretary of War: *Provided*, That all work of repair, restoration, rehabilitation, construction, and maintenance shall be carried out by the Secretary of War in accordance with plans approved by him.

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment 74, page 77, line 4, insert the following: "*Provided further*, That the conditions imposed upon the improvement of Biloxi Harbor, Miss., authorized to be carried out in accordance with the report submitted in House Document No. 754, Sixty-ninth Congress, second session, are hereby modified so as to provide that the local interests shall give assurances that they will construct a public terminal adequate for coastwise traffic, under plans to be approved by the Chief of Engineers of the War Department, whenever in his opinion such construction is necessary, and that such local interests shall contribute therefor \$5,000 toward the first cost of the improvement and \$5,100 annually thereafter for five successive years."

Mr. BARBOUR. Mr. Speaker, I move to recede and concur with the following amendment: In lieu of the matter inserted by said amendment insert the following:

Provided further, That the conditions imposed upon the improvement of Biloxi Harbor, Miss., authorized to be carried out in accordance with the report submitted in House Document No. 754, Sixty-ninth Congress, second session, may, in the discretion of the Chief of Engineers of the Army and the Secretary of War, be modified so as to provide that the local interests shall give assurances that they will construct a public terminal adequate for coastwise traffic, under plans to be approved by the Chief of Engineers of the Army, whenever in his opinion such construction is necessary, and that such local interests, in the event of modification of such conditions, shall contribute therefor at least \$5,000 toward the first cost of the improvement and at least \$5,100 annually thereafter for five successive years.

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The SPEAKER. The question is on the motion of the gentleman from California.

The motion was agreed to.

DISTRICT OF COLUMBIA TRAFFIC ACT

Mr. ZIHLMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 14922) entitled "An act to amend the act approved March 3, 1925, and July 3, 1926," known as the District of Columbia traffic act, and so forth, and disagree to the Senate amendments and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The SPEAKER appointed the following conferees upon the part of the House: Mr. ZIHLMAN, Mr. STALKER, and Mrs. NORTON.

WASHINGTON BICENTENNIAL—DISTRICT OF COLUMBIA COMMISSION

Mr. ZIHLMAN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 6041) authorizing an appropriation of funds in the Treasury to the credit of the District of Columbia for the use of the District of Columbia Commission for the George Washington Bicentennial.

Mr. STAFFORD. Reserving the right to object, may I inquire if this bill is on the Consent Calendar?

Mr. RAYBURN. Mr. Speaker, is the gentleman from Maryland asking unanimous consent? If so, I object. The gentleman from New York [Mr. PARKER], under an order of the House, is to make a very important report this morning, and therefore I object to anything else intervening.

The SPEAKER. The Chair will recognize the gentleman from New York [Mr. PARKER].

RAILROAD CONSOLIDATION

The SPEAKER. The Chair recognizes the gentleman from New York [Mr. PARKER] for 15 minutes.

Mr. PARKER. Mr. Speaker, on the 2d of July, 1930, the Committee on Interstate and Foreign Commerce reported to the House of Representatives the progress being made on the so-called holding company investigation authorized by House Resolution 114 (Rept. No. 2064, 71st Cong., 2d sess.). At that time the committee had employed special counsel and that special counsel had organized a staff of lawyers, accountants, and statisticians to aid in prosecuting the factual inquiry imposed upon him by the Committee on Interstate and Foreign Commerce.

The Committee on Interstate and Foreign Commerce as directed by House Resolution 114, hereinafter printed, respectfully submits the following report (H. Rept. No. 2789) (in three parts) of special counsel to the committee on the phases of the investigation pertaining to the control of railroads through stock ownership and the regulation of such control. The committee will at a later date transmit to the House of Representatives other findings after they have been completed. After your Committee on Interstate and Foreign Commerce has duly considered these findings, gathered and submitted to it by its special counsel, and has held such hearings as may be necessary on the pertinent questions as they develop during the course of the investigation, the committee will submit its recommendations for legislation.

May I now address myself to some observations concerning the results of the inquiry herewith submitted?

First, I want to call attention to the expedition with which this part of the inquiry has been conducted. The Members of this House are quite familiar with how time is consumed in any sort of extensive inquiry. Months and even years frequently pass before the desired information is run down and put in presentable form. This report transmitted to-day for your information contains the results of an examination of every Class I railroad in the United States; of a careful perusal of the files of the Interstate Commerce Commission for information concerning the ownership of every railroad company in the country; the results of interrogations of several hundred investment trusts; nearly 300

brokerage houses and of the investment houses important in railway financing; findings of expert accountants who made personal examinations of the books and records of the most important holding companies in the railway field; compilations by expert economists who examined every possible source of information concerning each of several railway holding companies which have fairly long histories; an expert opinion by an eminent economist as to whether the holding company in the railway field should be outlawed or regulated; and, in addition to all this information, Members of the House of Representatives will be interested in reading a statement which the report contains concerning the power of the Congress to regulate ownership of railway securities.

That within a year the results of these inquiries should have been brought together and compiled for the use of Members of the House of Representatives is eloquent testimony both of the diligence with which the investigation has been made and the cooperation of those who have been called upon by the committee to furnish information.

Second. The purpose in transmitting these findings is that Members of the House of Representatives may have sufficient time in which to inform themselves concerning railway ownership in this country while the committee is completing the inquiries and formulating its conclusions.

I shall not take your time to tell you what is contained in these three volumes. At your convenience you will find that out in your own way and for yourselves. I can not refrain, however, from emphasizing the wealth of information which is being placed before you. You will be impressed, as you turn these pages, by the activity in the acquisition of control of railway properties in certain parts of the country. Let me emphasize that this activity is explained by the competition of great interests for the possession of strategic railway properties. This should be borne in mind as you read of the dramatic and daring adventures of those ambitious to fashion the railway map to their own liking.

Again, as you read the study of the constitutional power of Congress to regulate stock ownership in railroads engaged in interstate commerce, you will be impressed by the large powers the Congress possesses under the Constitution. It seems clear to me that the Congress can do about what it finds to be necessary to protect the public interest. Whatever the abuses of the holding company which this inquiry under House Resolution 114 may bring to light, it seems clear that you have the power to correct the abuses, to remedy the evils, to subject the holding company to reasonable regulation without being reduced to the necessity of destroying it. That is, through proper regulation, so far as your powers are concerned, you can preserve the benefits of the holding company and at the same time remedy such evils as may call for correction.

Again, I think you will agree with me that the facts here disclosed clearly demonstrate the efficacy of congressional regulation of railroads. At this point I want to make it clear that what I am about to say represents my own views and not any expression of the committee. This portion of the report has only to-day come to the committee, as I stated at the beginning of my remarks.

The activities which may be construed to impose a burden upon interstate commerce, which may interfere with congressional planning in the public interest, have been by companies acting beyond the jurisdiction of the commission or at least as far without the reach of that jurisdiction as the cunning of lawyers could contrive. If these companies had unquestionably been subject to the commission's jurisdiction, I believe there would have been less complaint of their activities and less ground for accusation that they have engaged in grab-as-grab-can contests. It is true that most of these acquisitions of control through the device of the holding company about which the commission has complained will, it is announced, soon be submitted to the commission in connection with applications for four dominant systems in eastern territory. The outcome of the hearings before the commission on those proposed applications will perhaps determine the attitude of the Congress with reference to the problem of what to do about such acquisitions

of control during the past 10 years as the commission has brought to our attention. Similar acquisitions in the future, it appears, can readily be brought within the jurisdiction of the commission by amending paragraph (2) of section 5 of the interstate commerce act, as amended.

I favor such an amendment and believe that it should be passed with promptness. If and when it is passed, however, it should be made very clear that it does not give immunity to any company which before the effective date of the amendment had acquired control of some railroad in violation of an existing statute. If there have been such violations, the proper authorities should be left free to initiate such measures as the facts warrant and as the public interest dictates. So much for bringing future acquisitions of control unquestionably within the jurisdiction of the Interstate Commerce Commission.

Now let us turn to the problem of the acquisitions already made. As I have indicated, the most important of these should be before the Interstate Commerce Commission within a short time in connection with the applications of four eastern systems. If all these matters are in good faith submitted to the commission in connection with those applications, I think it safe to leave the matters for the commission to adjudicate after they have heard the pleas and arguments of the parties at interest. But if there should be undue delay in coming to the commission with the proposed applications of the four systems, if there should continue to be striving after selfish advantage and hesitancy in submitting the issues to the commission, then the Congress may find it necessary to clothe the commission with undoubted power to compel divestiture of the ownership of railway stock where the commission would find that such ownership had been acquired without the commission's approval and was being continued contrary to the commission's finding of what is in the public interest.

These findings being transmitted to-day are concerned with the ownership and control of railroads. There is abundant information concerning the activity of the holding company in railway ownership and control. This part of the investigation was not concerned with the holding company in fields of business other than railway. The holding company is more important, perhaps, in some other lines of business than in the railway field. The disclosures herein contained will undoubtedly provoke a desire to regulate the holding company as an agency in business. It is my judgment, as an individual, that before Congress enters upon that line of legislation it should seek fully to be informed concerning the advantages and disadvantages of the holding company in the various lines of business engaged in interstate commerce. I personally believe that since we have started we should go through with a full and comprehensive inquiry into all the activities of the holding company in so far as those activities may impose a burden upon interstate commerce.

Referring again to the report, I have been forcibly struck by the simplicity of the capital structures of railway companies. Of 147 class I railroads, 80 have only one class of stock and 44 have only two classes of stock. In all but exceptional cases equal voting rights attach to all classes of stock.

Another impressive fact is the wide distribution of the ownership of the voting stock of American railroads. On the stock-registry books of 160 class I railroads on December 31, 1929, stood some 840,000 names. That is to say, 840,000, or nearly a million people, own the voting stocks of our railroads. This does not include the names of bondholders, for no inquiry was made as to the ownership of bonds except where the bonds have voting privileges. Each class I railroad was required to disclose its 30 largest stockholders. What do you suppose was the per cent of total voting power represented by the thirtieth largest holder of record? In 42 cases it was less than two-tenths of 1 per cent. In only two instances did the thirtieth holder of record have over 1 per cent of the voting power of a railroad company.

Another very striking fact, and to me rather surprising, is the small influence of family holdings in our American railways. On page 67 you will find listed the holdings of the

families really important in American railway finance. There are only eight of these family groups, and with the exception of an occasional road, like the Western Pacific, you will not find the per cent of total voting power held by a family to be of very great significance. The Baker family control about 10 per cent of the Lackawanna; Arthur Curtis James seems to dominate the Western Pacific; the Vanderbilts have about 17 per cent of the voting stock of the Pittsburgh & Lake Erie. You will find the other family holdings surprisingly small. For years the public has thought of the New York Central as a Vanderbilt property. This report discloses that the Vanderbilts hold less than 5 per cent of the voting stock of that corporation.

I had also supposed that the great foundations, such as the General Education Board, would be listed among the most important railroad holders. While such foundations appear frequently as stockholders, as a rule their holdings are of no consequence when control is considered.

On page 73 it is disclosed that the large banks and investment banking and brokerage houses altogether own only 5 per cent of the total outstanding capital stock of all Class I railroads. The ownership of railway stocks is in the hands of a multitude of American citizens. Usually when one of the 30 largest stockholders of a railroad would appear on the record to be a brokerage house or investment bank, an examination would reveal that the company held the stock in some instances for several hundred individual accounts.

On page 51 you will find an analysis of the manner of the control exercised over 160 railroad companies. Thirteen of these companies, with less than 3,300 miles in operation, are controlled by industries; 31 companies, with an aggregate of nearly 30,000 miles, are controlled by individuals or families. This seems contradictory to what I have just said about the lack of importance of family holdings in the ownership of American railroads. The report reveals that most of these 30,000 miles controlled—you will notice I said "controlled" not "owned"—is under the control of the Van Sweringen brothers. How they exercise this control through their holding companies is clearly set forth in the report. Thirty-two railroads, with 47,000 miles operated, have their securities held in large part by one or more interests. Sixty-two railroad companies, with a total of over 146,000 miles, show no marked concentration of ownership.

We have had a great deal of talk about the consolidations of the railroads in this country into a limited number of systems. The tentative plan of the Interstate Commerce Commission recommended 19 systems. Their so-called final plan includes 21 systems, 19 being in the continental United States and 2 belonging to the Canadian systems. Some people have wondered why the commission did not recommend more systems. This report reveals that 15 major groups in this country now control 210,000 miles, or nearly 85 per cent of the railway mileage of the entire country. These 15 major groups are as follows:

	Miles
Van Sweringens.....	28,411
Great Northern.....	8,511
Northern Pacific.....	6,783
Spokane International.....	554
Burlington (includes 367 miles operated jointly with other systems).....	11,937
Total for Hill group (two systems).....	27,693
Pennsylvania.....	23,698
Southern Pacific.....	14,485
Frisco.....	14,217
Atlantic Coast Line.....	14,122
Santa Fe.....	13,166
New York Central.....	13,376
Baltimore & Ohio.....	11,270
St. Paul.....	11,247
Chicago North Western.....	10,205
Union Pacific.....	10,157
Southern.....	9,903
Illinois Central.....	9,109

On page 52 and following you will find what companies have most of the other 15 per cent of the mileage.

An account of the holding companies in the railway field is shown at page 26 and following. This information, together with that contained in Volume II of the report, re-

veals that most of the holding companies in the railway field are merely used for convenience in tying subsidiary corporations in with the parent companies. In only a few instances have there been notable activities such as those which provoked the complaint of the Interstate Commerce Commission, and to which I referred in the beginning of this statement.

On December 31, 1929, 160 Class I railroads operated 242,000 miles of road, and for the year ending on that date they had received in operating revenues \$6,280,000,000; their gross capital approximated \$23,800,000,000; their operating expenses were over \$4,506,000,000; their wage bill was about \$2,897,000,000; they paid in taxes that year \$397,000,000, and in interest approximately \$500,000,000. These figures emphasize the importance of the railway systems to the American people.

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AMENDING IMMIGRATION ACT OF 1917

Mr. JENKINS. Mr. Speaker, I call up the conference report upon the bill (H. R. 9803) to amend the fourth proviso to section 24 of the immigration act of 1917, as amended, and move the adoption of the same.

The SPEAKER. The gentleman from Ohio calls up a conference report, which the Clerk will report.

The Clerk read the conference report.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9803) to amend the fourth proviso to section 24 of the immigration act of 1917, as amended, having met, after

full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to all the amendments of the Senate, and agree to the same.

ALBERT JOHNSON,

T. A. JENKINS,

S. RUTHERFORD,

Managers on the part of the House.

HIRAM W. JOHNSON,

DAVID A. REED,

WILLIAM J. HARRIS,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 9803) to amend the fourth proviso to section 24 of the immigration act of 1917, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The fourth proviso of section 24 of the immigration act of 1917, as amended, provides for payment of traveling expenses of inspectors or other employees of the Immigration Service when ordered to perform duty in a foreign country or transferred from one station to another in a foreign country, including, in the discretion of the Secretary of Labor, the expense of transferring wives and dependent minor children and not over 5,000 pounds of household effects and other personal property. The House bill extended this provision to apply to inspectors and other officers and employees of the Immigration Service transferred from one station to another in the United States. The House bill also provided for the payment of the expenses of transporting the remains of inspectors and other employees of the Immigration Service who die while in or in transit to a foreign country in the discharge of their official duties to their former homes in the United States for interment.

The Senate amendments include within the original provisions of the portion of the 1917 act referred to, as well as the broadened provisions of the House bill, officers and employees of the Naturalization Bureau and Naturalization Service; and the House recedes on all three amendments.

ALBERT JOHNSON,

THOMAS A. JENKINS,

SAMUEL RUTHERFORD,

Managers on the part of the House.

Mr. STAFFORD. Mr. Speaker, will the gentleman tell the House what the conference report is?

Mr. JENKINS. Mr. Speaker, this bill provides that immigration inspectors shall be put in the same classification with customs inspectors, in that when they are traveling from one place to another their traveling expenses shall be allowed them. The bill passed the House two or three different times and went to the Senate. The last time the Senate amended it by including the naturalization officials. That is all the change there is.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

REFUNDING TREASURY OBLIGATIONS

Mr. HAWLEY. Mr. Speaker, I call up the bill (H. R. 16111) to amend sections 1 and 7 of the second Liberty bond act, as amended, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Oregon calls up the bill H. R. 16111 and asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

Mr. PATTERSON. Mr. Speaker, I object.

Mr. HAWLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 16111. Pending that, I ask unanimous consent that the

time for debate be limited to 45 minutes, 30 minutes to be controlled by the gentleman from Tennessee [Mr. HULL] and 15 minutes by myself.

The SPEAKER. The gentleman from Oregon asks unanimous consent that the time for general debate be limited to 45 minutes, 30 minutes to be controlled by the gentleman from Tennessee and 15 minutes by himself. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Oregon that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 16111.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 16111, with Mr. SNELL in the chair.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the second Liberty bond act, as amended (Public, Nos. 43, 120, and 192, 65th Cong., September 24, 1917, April 4, 1918, and July 9, 1918, respectively), is hereby amended by striking out the figures "\$20,000,000,000" and inserting in lieu thereof the figures "\$28,000,000,000."

Sec. 2. That section 7 of the second Liberty bond act, as amended (Public, No. 43, 65th Cong., September 24, 1917), is hereby amended by adding thereto the following sentence: "Bonds authorized by section 1, and certificates authorized by section 6, of this act, as amended, shall be exempt from graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations, if and when the Secretary of the Treasury shall so prescribe in connection with the issue thereof."

Mr. HAWLEY. Mr. Chairman and ladies and gentlemen of the committee, the purpose of this bill is to enable the Treasury Department to refund certain outstanding obligations that are callable within a short period. Under the existing law the total amount that can be issued as securities is \$20,000,000,000. There will be due within about a year \$1,933,000,000, face amount, of the first Liberty bonds outstanding, callable in 1932, and of the fourth issue of Liberty bonds, 4¼ per cent bonds, callable in 1933, an aggregate of \$6,268,000,000. The present total amount of issues of bonds under the \$20,000,000,000 is \$18,107,000,000. It is impossible for the Treasury out of the current revenues to retire these bonds as they become callable, and the passage of this legislation at this time will give the Treasury an opportunity to carry out proper financing operations to refund these bonds as they are callable.

Mr. LINTHICUM. What is the interest on the bonds it is proposed to refund?

Mr. HAWLEY. The interest on the larger amount is 4¼ per cent.

Mr. LINTHICUM. And we can get money now for less than 1½ per cent?

Mr. HAWLEY. It is hoped that this rate of interest may be materially reduced. There is another consideration. There is an outstanding obligation of some \$3,000,000,000 of short-term securities. It may be necessary in order to bring them within manageable proportions to refund some portion of them. There is also an estimated deficit in the revenues for the fiscal year of some \$500,000,000. Recent legislation regarding adjusted-service certificates may require some issues of bonds in order to expedite the payment of the loans to the veterans. This legislation will afford the Treasury opportunity to issue bonds for the prompt payment of the loans when they are applied for by the veterans.

There is one new paragraph in the bill, and that relates to the exemption of these bonds, from the payment of certain taxes in the event that the Treasury finds that proper and beneficial to the Treasury so to do. At present States can issue tax-exempt securities, and under the comity of States the securities and interest thereon issued by one State are not taxed in another State, with few exceptions. The political subdivisions of the States may issue tax-exempt securities, and under the comity one State does not tax the bond issues or the interest on them of the political subdivisions of another State; also, the outstanding short-term securities of the Government that are nontaxable, and they

have proven to be very acceptable to the bond market, being issued at very low rates of interest. The interest on Federal bond issues is subject only to the surtax. They are not subject to the normal tax, either individual or corporation, and to relieve the corporations from the payment of tax thereon and to tax individuals and partnerships discriminates in favor of the corporation as against the partnership or the individual in this respect.

In order to provide equality of burden between the various activities of the country, this elimination of the interest provision will effect a readjustment.

The Treasury will sell in competition with the State issues, and issues of political subdivisions of the State. Where we sell a taxed bond in competition with a tax-free bond, we are likely to pay a higher rate of interest than would otherwise be necessary. The Treasury has given the proposition very careful consideration and taken into consideration any possible loss of taxes that might occur. If the bonds are relieved from the excess-profit tax, they are confident the sale of these bonds can be effected on such terms that the saving of interest to the Treasury will exceed any possible loss of revenue.

The bill was unanimously reported by the Committee on Ways and Means and we believe it should pass at this time.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. LaGUARDIA. Under our system of financing, it is possible to increase the national debt automatically. What I do not quite understand is, if by increasing the second Liberty loan by \$8,000,000,000, that means the Treasury Department will be able to increase the national debt, automatically. The pending bill is not intended to increase the public debt, but is proposed in the interest of refunding operations.

Mr. HAWLEY. The law now limits total issues to twenty billions of securities, and the aggregate is limited to \$20,000,000,000. They can not call in some issues and refund them beyond this limit. In order to take care of the two outstanding issues already mentioned that amount to over eight billion, by issuing new bonds to replace called bonds, they must have an increase of the limit. They can not go above twenty billion.

Mr. LaGUARDIA. Am I correct that if we had the resources we would retire those bonds?

Mr. HAWLEY. We have been retiring them.

Mr. LaGUARDIA. And if we had surpluses, or if we had anticipation of surpluses we could retire them, could we not?

Mr. HAWLEY. We have done so.

Mr. LaGUARDIA. So, therefore, we are increasing the borrowing capacity in order to take care of maturing indebtedness instead of paying for it? The additional authorization is to enable the refunding of called securities.

Mr. HAWLEY. The gentleman will agree that in the next two years it is not possible to raise \$8,000,000,000 of additional revenue to retire those securities. So in order to meet the maturities and keep the Government in good faith with its people, we are necessarily compelled to increase the limit so that they can replace an old bond with a new one.

Mr. LaGUARDIA. In other words, we are borrowing new money to pay old debts?

Mr. HAWLEY. Yes; but without increasing the public debt.

Mr. PATTERSON. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. PATTERSON. Does the gentleman mean to say that the Ways and Means Committee reported this bill unanimously?

Mr. HAWLEY. I have looked up the minutes, and that is what the minutes show.

Mr. PATTERSON. Were all the members present?

Mr. HAWLEY. I think there were 22 or 23 members present.

Mr. PATTERSON. In the second section of this bill does it not exempt those people from certain surtaxes and income taxes which under previous laws they were compelled to pay?

Mr. HAWLEY. I stated that under existing law the income from public securities of the United States is not subject to the normal tax, personal or corporation.

Mr. PATTERSON. I heard the gentleman make that statement, but I would like a direct answer to my question.

Mr. HAWLEY. If the gentleman will give me an opportunity. The income is subject to the surtax. Corporations do not pay any surtax. Individuals and partnerships do pay surtax. In order to hold an even balance between the different kinds of activities of this country, the committee felt that to relieve them all of the obligation of paying surtaxes on those securities would be fair to all, and would also increase the Government's opportunity to get money at a lower rate of interest. Whether the new issues will be issued as tax exempt is left for the Treasury to determine when any issue is offered.

Mr. PATTERSON. The gentleman, then, believes in the theory that we ought now to reduce taxes paid by those people who earn millions of dollars annual income?

Mr. HAWLEY. That does not follow. I believe that where the Government can, by the sale of bonds at a lower rate of interest, save money to the Treasury over existing plans it is a commendable plan.

Mr. PATTERSON. Well, I do not believe in that kind of philosophy.

Mr. WOODRUFF. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. WOODRUFF. Along the line of the questions propounded by the gentleman who was just interrogating the gentleman from Oregon, the present Government securities are tax-exempt entirely?

Mr. HAWLEY. The income from certain issues are taxable under the surtax.

Mr. WOODRUFF. And under the proposed bill it is proposed to tax income derived from the surtax?

Mr. HAWLEY. No.

Mr. WOODRUFF. In other words, the proceeds from the surtax?

Mr. HAWLEY. No. To relieve taxpayers, in the discretion of the Treasury, if they find it more profitable to issue bonds in that form, without their income being subject to any tax whatever.

Mr. WOODRUFF. I misunderstood the gentleman, then.

Mr. FREAR. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. FREAR. In response to the gentleman who just spoke [Mr. PATTERSON], who has no confidence in the Committee on Ways and Means, I would suggest that it is possible for us at any time to increase the surtax on personal incomes. There is that means of meeting the deficit.

Mr. HAWLEY. And that is quite likely to be done in the near future.

Mr. FREAR. And that is the answer to the whole thing.

Mr. WOODRUFF. May I proceed further?

Mr. HAWLEY. Mr. Chairman, I wish to reserve two minutes of my time.

Mr. WOODRUFF. The gentleman from New York [Mr. LaGUARDIA] called attention to the fact that this bill gives the Treasury Department authority to increase the amount of bonds which can be issued from something like twenty billion to twenty-eight billion, but practically it does not mean that that indebtedness will be increased one dollar, does it?

Mr. HAWLEY. It is not intended to increase the indebtedness, but to enable the Treasury to conduct refunding operations. It simply means that the total volume issued altogether shall be twenty-eight billion instead of twenty billion, new bonds being issued to take the place of old bonds that are callable.

Mr. Chairman, I reserve the balance of my time.

Mr. HULL of Tennessee. Mr. Chairman, the bill now pending before the committee proposes a sudden and complete reversal of the policy of this Government with respect to tax-exempt securities. In 1917, when the second Liberty bond act was under consideration, both Houses of Congress, with singular unanimity, agreed upon the permanent policy

of imposing a surtax on the interest derived from all Liberty bonds. From 1921 to 1927 there were no stronger advocates of that policy and its permanent continuance than the Treasury.

This proposal is a challenge to the doctrine of graduated-income taxation. Those who would reduce their surtaxes receive corresponding benefits by the remission of surtaxes on Federal securities. One is the equivalent of the other. So in the absence of any further reduction or readjustment of surtaxes in this country we have the equivalent proposal to the extent it will go and that is the complete tax exemption of all interest on Liberty bonds.

When this tax was imposed on the incomes of individuals it was not expressly imposed on corporations because individuals were supposed to draw from those corporations in the form of dividends their ratable share of the entire earnings of the corporations in which they held stock. So today the criticism which the Treasury offers to the effect that individuals are placed at a disadvantage in the bond market and that corporations derive a corresponding advantage is due to the fact that the corporations only distribute about 45 per cent of their earnings to their stockholders, on the average. If they would distribute their entire earnings, as the income-tax law contemplates, then every penny of interest they derive from Liberty bonds would be subjected to a surtax, and that would apply to all bonds in the hands of individual stockholders whose income exceeded \$10,000.

So it is no criticism of this policy of taxing securities in the hands of individuals.

Now, gentlemen, this World War was fought, I think, by European countries on tax-free securities to a large extent. All of them except Great Britain undertook, to the extent that they raised money by borrowing, to put out tax-exempt securities. England and this country alone undertook to finance the war by imposing at least a surtax on the interest of the bonds they issued. In my opinion, it is unwise and unsound at this stage—even when all the States have piled up vast debts and have put out some \$15,000,000,000 or \$16,000,000,000 of tax-free securities—to make a change. But when the States have reached a point of vast expenditures and bond issues, as they now have, they must soon halt and devise programs of retrenchment and economy, of new systems of more equitable taxation to take the place of the outrageous general property-tax systems that curse so many of them. Just at the time when these vast changes and readjustments in tax methods must be taken up by the States our Federal Government would lend the great prestige of its leadership in the direction of permanent tax exemption in this country. It seems to me we already have enough property exempted from all taxation. Five years ago more than \$55,000,000,000 worth of property, real and tangible, was exempt from all taxation, Federal, State, county, and municipal, and I dare say that huge amount approaches \$75,000,000,000 by this time.

I am opposed, gentlemen of the committee, to a policy which would cause this Government to contract away the right to tax vast structures of wealth piled up by individuals in this country. [Applause.]

Mr. FREAR. Will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. FREAR. Let me say that I believe I express the opinion on both sides of the aisle when I say that the Members of the House sincerely regret that we are going to lose the distinguished gentleman from Tennessee from our midst in the succeeding Congresses. He is an authority on the subject of taxation, and we have particularly appreciated him in the committee and in the House during his long term of service. The question I want to ask is this: All of the States, cities, counties, and other municipalities that have issued these tax-free securities are in the market to-day for refunding and new issues. As I understand the bill now before us, it merely provides that the Government may place the same kind of securities in the same market. As far as I know, there was no opposition to it in the committee, and my understanding of the reason for the bill is

that as these other municipal securities are now in the market the Federal Government is to place the same kind of securities in that same market. I am in favor, as the gentleman well knows, of taxing all personal incomes and with the surtaxes, so as to make people best able to pay their just share of taxes. It is impossible for the Government to control this great wealth of tax-free securities issued by various municipalities and which, as suggested by the gentleman, have now reached over \$70,000,000,000.

Mr. HULL of Tennessee. The gentleman's interruption is very timely and very pertinent. The answer to it as I see it is, first, that two wrongs do not make a right. If the States have been heading in an unwise and unsound direction by the issuance of vast amounts of tax-free securities they can not halt and retrace their steps too soon. This great Federal Government, instead of falling in line, should stand for the sound policy that is involved.

Mr. FREAR. Will the gentleman yield for another question in relation to that statement?

Mr. HULL of Tennessee. Yes.

Mr. FREAR. As we are giving authority by this bill for \$28,000,000,000 to be issued out of the \$70,000,000,000, would not the Government securities be placed at a disadvantage in competing with other tax-free securities on the market at a time when we have been threatened, as claimed by the witnesses who have been before us, with having to negotiate Government securities at an unfair interest rate?

Mr. HULL of Tennessee. In the first place, the United States security is the premier security in all the world. Every bank and every trust company and every corporation and every business individual is constantly after these bonds at interest rates that do not relate to the conditions to which the gentleman refers. They want them to place in their reserves. Instead of retaining cash they take these bonds and they are equivalent to money on interest. They can take them out and deposit them as collateral on an hour's notice. They can use them for an infinite number of tremendously valuable and advantageous purposes as a part of their reserves, and for this reason they do not seriously think about fractional interest rates, and the interest rate is governed by these considerations.

Mr. DUNBAR. Will the gentleman yield?

Mr. HULL of Tennessee. If the gentleman will let me go a little further, then I will be pleased to yield.

Now, Mr. Chairman, here is a statement of Mr. Ogden Mills before the National Tax Association in 1923:

Tax-exempt securities must inevitably destroy the progressive income tax, and I am by no means sure that the evil has not already reached such proportion as to make any possible action too late to save our present income tax.

Emphasizing just a little further the situation in the States, there is insistent demand in every State in the Union to tax intangible property owners and give some relief to the farmer and to the real estate and tangible property owner.

The only way this can be done, of course, is by taxing the profits or interest derived from intangible property. Thirteen States have already commenced this undertaking and just as we are reaching a stage where all this \$100,000,000,000 of intangible property is about to be sought after by the States for tax purposes, our Federal Government faces in the opposite direction and undertakes to establish here the permanent policy in this great country that there shall be at all times, or may be, \$50,000,000,000, \$100,000,000,000, or \$125,000,000,000, of the choicest wealth in America securely locked up so that whether in times of peace or war no taxpayer can get within reach of it.

Why, we have seen these surtaxes vary from a maximum of 20 per cent to 65 per cent in this country within 15 years, and when you are talking about a little fraction of interest rate for to-day or to-morrow, you are not touching the merits of this problem of whether we are going to adopt a policy of tax-exempt securities permanently in this country or not. I want to get this thought impressed on the minds of you gentlemen.

During the Civil War we put out tax-exempt securities, some of them running 29 years. They jumped to a premium

of 128 or in that neighborhood. To-day there is no attention really given to a little fraction of value of interest rate on Federal securities, and all of them are at a premium. There is no thought of figuring out these fractions. They want them for all kinds of business purposes. They are complaining because the public debt is being paid off too fast and they will not have these bonds for reserve purposes, and for tremendously valuable business purposes in this country, to make capital liquid, to enable industry to function; and our war bonds have really performed a great service in this regard.

Mr. STAFFORD. Will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. STAFFORD. As I recall the issue of the national bonds, the first issue at 3½ per cent, under the first Liberty loan, is exempt from taxation.

Mr. HULL of Tennessee. They were exempt from taxation.

Mr. STAFFORD. And they are to-day?

Mr. HULL of Tennessee. The one billion and some odd that are unrefunded are still exempt.

Mr. STAFFORD. What is the difference in the price of those bonds as compared with other taxable bonds?

Mr. HULL of Tennessee. I checked up on that some days ago. To state the general development of this matter, I recall the fifth Liberty loan was floated early in 1919, with two offers, one for 3¾ per cent tax-exempt, and one for 4¾ per cent subject to surtax. There were only a few hundred million bids at 3¾ tax free. Everybody, practically, took the 4¾ per cent bonds subject to surtax.

So there is no particular attention being given to the difference between taxed and tax-free bond values by the country at this time, and, as I say, any little difference in rates to-day does not raise the real question of ultimate permanent policy. I would shudder, in the first place, to see this country thrown into a war in 20 or 50 years. I would shudder still more to find a great, rich, fat, idle, lazy class in this country with perhaps over \$150,000,000,000 of tax-free money locked up securely and completely immune from any of the burdens of that war. [Applause.]

Mr. DUNBAR and Mr. OLIVER of Alabama rose.

Mr. HULL of Tennessee. I yield first to the gentleman from Indiana.

Mr. DUNBAR. What Government securities are exempt from the surtax where an individual pays taxes on an income of more than \$10,000 a year?

Mr. HULL of Tennessee. As I undertook to explain in the beginning, the theory of income tax law was that the earnings of all corporations would be distributed to the stockholders and they would pay surtaxes on those corporate earnings, even though they included interest from Liberty bonds; but as it is only half of their earnings are distributed, and individuals now pay surtaxes on all interest that goes into incomes of \$10,000 and over.

Mr. DUNBAR. Suppose you have an income of \$500,000 a year from tax-exempt securities—individual, not corporation—are there any bonds upon which you will be exempt from paying a surtax on an income of more than \$10,000?

Mr. HULL of Tennessee. I do not know whether I understand the gentleman, but I have said that every individual income pays a surtax upon an income of \$10,000 or more. The interest from the bonds is the same as rent or profits from property of any other kind. The surtax to-day applies to the late war bonds of the United States aggregating near \$12,500,000,000.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. HULL of Tennessee. I yield.

Mr. OLIVER of Alabama. There are bonds drawing 4 per cent interest liable to surtax and some callable in 1932 and 1934, and both are selling for about 103.

Mr. HULL of Tennessee. That is true. Now I want to read what Secretary Mellon said on this policy back in 1923. He was resisting the argument in favor of new exempt securities. He made this statement:

The arguments presented for the State of Virginia may be answered more specifically in taking up the several questions raised by your letter, but I may say at the outset that no amount

of arbitrarily assumed figures or loosely drawn conclusions such as appear in its brief and accompanying tables can serve to obscure the main facts in the situation upon which the Treasury relies in urging support for the proposed constitutional amendment, namely, that the continued issuance of tax-exempt securities is building up a constantly growing mass of privately held property exempt from all taxation; that tax exemption in a democracy such as ours is repugnant to every constitutional principle, since it tends to create a class in the community which can not be reached for tax purposes, and necessarily increases the burden of taxation on property and incomes that remain taxable; and that is absolutely inconsistent with any system of graduated income surtaxes to provide at the same time securities which are fully exempt from all taxation, since the exemptions will sooner or later defeat at least all higher graduations and will always be worth far more to the wealthier taxpayers than to the small ones.

Tax exemption, of course, gets quite a disproportionate value when taxes are not at a level rate but are levied at graduated rates, and the Federal surtaxes are almost wholly responsible for the extraordinary value which tax-exempt securities enjoy to-day. It is nonsense to refer to this value as something which the States have the right to enjoy in selling their securities, for the value depends in large measure on the relative scarcity of tax-exempt securities, and the Federal Government could seriously impair and nearly destroy it by issuing all its own securities exempt from surtaxes. Contrariwise, since the value of the exemption turns largely on the existence of graduated surtaxes, the Federal Government could certainly reduce and probably destroy the present premium on tax-exempt securities by changing its own tax system and substituting for the income surtaxes some other form of tax which would not be affected by the presence of tax-exempt securities, as, for example, a tax on sale or expenditures.

I hope the membership of the House will not overlook the fact that the real test of the wisdom of this policy arises in times of great stress, in times of war, in times when those who have the cream of the wealth can be turned to by the Government which gives them and their property protection and requires them to bear a fair share of the burden.

Mr. BRIGGS. Will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. BRIGGS. What does the gentleman say about the statement of the chairman of the committee that the inclusion of this provision in the bill will have the effect of refunding the bonds at a lower rate of interest than could otherwise be obtained?

Mr. HULL of Tennessee. As I stated in my opening remarks, no business men are thinking about interest so much as they are thinking of getting these bonds for liquid capital and putting it in reserve for any emergency. That is the question that is paramount to them. It makes no difference whether we have a large amount of tax-free securities as we have to-day so far as the rate of interest is concerned. Are we going out of our way to reverse the time-honored policy of retaining the right on the part of Congress, at least when there is an emergency, to impose taxes on any and all properties that should be reasonably subject to taxation?

Mr. PATTERSON. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. PATTERSON. In other words, the benefit derived from this to the Government will be very small, and in addition to that it changes the law and sets up a fundamental policy which might cause the Government a great deal of embarrassment in time of stress.

Mr. HULL of Tennessee. The advantage is inconsequential. We get back to the question of whether we propose to strike a severe blow at the doctrine of graduated income taxation in this country.

Mr. O'CONNOR of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. O'CONNOR of Oklahoma. Is it not really a question of creating a large reservoir of great wealth invested in tax-exempt securities, and because they are exempt from the burden of Government, those who hold them are also exempt from any interest in or responsibility for Government; and also, when and if taxes get higher, they are still out of the picture?

Mr. HULL of Tennessee. Yes; in the hands of an idle, worthless class, sitting by and enjoying the protection of Government, and defying every taxgatherer in the land.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. LaGUARDIA. Would not the necessity for this legislation indicate that our bonded indebtedness is maturing more rapidly than we can absorb it, and hence the need of increasing the amount which the Treasury may refund?

Mr. HULL of Tennessee. That opens up a rather long story. I may say that refunding operations are only replacements, and this is vastly different from finding new markets for new loans. Some day I hope to make a review of our refunding operations since 1919, since the war, but my time is just expiring now, and I shall be glad to include that later.

Mr. Chairman, I personally believe that at the end of 8 or 10 years of unimaginable expenditures in this country by Federal and State, county and municipal authorities, for all kinds of purposes, the time has now come when there should be a halt on the part of Congress and legislatures and municipal councils, and a drastic curb imposed upon further expenditures in this country and further burdens to the American taxpayer. [Applause.] Productive expenditures in a selective way, of course, would constitute an exception, but the time is here when there should be readjustment and retrenchment of our expenditures and a reform of our tax burdens, in order that they may be redistributed, and this policy of surtaxes on Government bonds appeals keenly to me as lying largely at the base of that kind of a plan and course of readjustment of taxation and expenditures in this country. [Applause.]

Mr. PALMER. Has the gentleman any plan whereby we can reach intangible property to make it pay its proportion of taxation?

Mr. HULL of Tennessee. Any income tax collected at the source, if not collected in any other way, would reach it, just as they reach it in Great Britain.

Mr. MORGAN. Is it the judgment of the gentleman that there would be wider distribution of Government securities if they bear surtaxes than if they do not?

Mr. HULL of Tennessee. It is like it was in 1919, and really during the war. People did not stop to look and see the little fractional difference there was in rates. They wanted these securities and they still want them.

Mr. MORGAN. I am thinking of the small investor. Would there not be a larger number of small investors and a smaller number of large investors and a wider distribution if the bonds bore surtaxes?

Mr. HULL of Tennessee. The small investor, of course, to-day has a 20 per cent advantage over the individual with an income of \$100,000 a year and over. This proposed tax repeal would wipe that out and put a 20 per cent premium on the individual with an income of \$100,000 and over.

Mr. MOORE of Virginia. Considering the state of the money market at this time, would the gentleman be good enough to give us his opinion as to the rate at which the bonds could be sold, if they carried the income surtax?

Mr. HULL of Tennessee. There is no difficulty whatever about disposing of Government securities. There is an immense reservoir of credit in this country that would seek directly at every opportunity to invest in such Federal securities as are remaining in the country and at a liberal price. The fact that they are at a premium all the time—the bonds, the notes, and certificates—at almost any interest rate is indicative of the fact that there would be no difficulty about selling any substantial amount of Federal securities on our market overnight at entirely satisfactory rates of interest. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

SEC. 2. That section 7 of the second Liberty bond act, as amended (Public, No. 43, 65th Cong., September 24, 1917), is hereby amended by adding thereto the following sentence: "Bonds authorized by section 1, and certificates authorized by section 6 of this act, as amended, shall be exempt from graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, associations, or corporations, if and when the Secretary of the Treasury shall so prescribe in connection with the issue thereof."

Mr. HULL of Tennessee. Mr. Chairman, I move to amend by striking out section 2.

The Clerk read as follows:

Amendment by Mr. HULL of Tennessee: Beginning on page 1, in line 9, strike out all of section 2.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee.

Mr. HAWLEY. Mr. Chairman, I rise in opposition to the amendment. State governments and the political subdivisions of State governments issue large quantities of tax-exempt securities. These securities and the interest on them issued by one State are not, with some few exceptions, taxed in another, and interest on them is not taxed by another State, but by the comity of States, with few exceptions, they are tax exempt in other States.

The Federal Government, going into the market to sell its securities, meets this competition, and some of those securities which the States, municipalities, and counties offer, are excellent securities. They are gilt-edge. If the Government is to get as fair rates of interest as the States and political subdivisions of the States can get, it must offer its bonds on similar terms. The question is simply whether it is beneficial to the Government to pay a lower rate of interest on its securities without the collection of excess-profit tax from individuals and partnerships, but not from corporations, or to continue the excess-profit tax on individuals and corporations and pay a higher rate of interest on its issues of securities.

An examination and long study leads to the conclusion that from the standpoint of the Government, it may be better to issue a tax-exempt security. If we believe that the rate of taxation on incomes, surtaxes especially, is not high enough, the proper procedure would be to increase those taxes and not to subject our Government, in the bond market, to an unfair disadvantage in the sale of its securities, for which all the people finally have to pay, and pay the interest annually.

Mr. BRIGGS. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. BRIGGS. I wish the gentleman would inform the House what he understands or thinks from his knowledge of the situation would be the rate of interest at which these bonds could be sold with this provision in the bill, and what would be the rate of interest if this provision were not in the bill, or whether there would be any substantial difference in the rate of interest.

Mr. HAWLEY. The gentleman submits a very difficult question, because there are so many factors in the bond market that unless you have them stated it is a matter somewhat of a guess. But there is no doubt that the tax-free bond will sell on better terms than a security, the income from which is taxed. It may be approximately one-half per cent or more, but it would depend upon the circumstances surrounding the sale.

Mr. STAFFORD. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. STAFFORD. I was much impressed, as the Members of the House must have been, by the position of the Secretary of the Treasury in 1923, when he pointed out great objections to allowing tax-exempt Government securities to be amassed in the hands of a few, or the wealthy, and not pay any tax at all. What has the gentleman to say, with the position which the Secretary took back in 1923 against this very policy? I might say that the tax-exempt feature for short-term notes, allowing them to be tax exempt for short terms, allowing them to be sold at less than 1 per cent, could be defended.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STAFFORD. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. STAFFORD. The objection raised by the Secretary of the Treasury in the letter read by the gentleman from Tennessee [Mr. HULL] has to be met. The Secretary presented insurmountable arguments, as far as I am concerned, as expressed then, against the very policy that it is attempted to establish now.

Mr. FREAR. Will the gentleman yield?

Mr. STAFFORD. Well, Mr. Chairman, I asked a question.

Mr. HAWLEY. I think the gentleman from Wisconsin [Mr. FREAR] desired to speak on that very point, and I yield to him.

Mr. FREAR. At that same time, if the Chairman will permit, this question was discussed before our committee by the Secretary of the Treasury and various other authorities. It was represented to us then that the States and cities and all municipalities were issuing securities that were tax free; that the Federal Government, by putting restrictions on its bonds, would be placed at a disadvantage. Of course, as the gentleman from Tennessee [Mr. HULL] well says, it would be all right for the Government to take the lead in a reform against permitting an escape from surtaxes as was proposed by the Secretary of the Treasury at that time, and of establishing a taxable security, but by doing that you are putting the Government at a disadvantage with all of these competing municipalities.

Take, for instance, the State of New York. Its securities are just as good as the securities of the Federal Government, at a higher rate of interest. Of course, they are able to meet this proposition, which we can not do if we tie the hands of the Treasury by not permitting us to be placed in negotiating Government bonds on the same basis as all the States and municipalities. Is that not as the gentleman remembers the facts?

Mr. HAWLEY. Yes, sir.

Mr. STAFFORD. That is not an answer to my question.

Mr. HAWLEY. The gentleman has asked whether, if we exempt the securities from taxation, they will assemble in the hands of people having large holdings. That is anybody's guess. The present ownership of national securities is very widely extended. Forty per cent are held by banks; some \$2,000,000,000 by small investors; considerable volume by life insurance companies. Whether at any time they would tend to flow together or at another time tend to flow apart is a matter of experience, and that has been the experience.

The gentleman from Tennessee [Mr. HULL] raised the question of the reduction of taxation. Of course, we can not control expenditures by States of any amounts that they please. That is impossible. There are outstanding now of bonds and other securities issued under State authority approximately \$20,000,000,000. There are probably more than a hundred billion dollars of first-class industrials. The Treasury must go into the market when we put out these bonds for sale in competition with those securities. Now, it appears, after long experience, that the best thing for the Government is to treat all of its taxpayers alike, not requiring individuals and partnerships to pay a greater rate of tax than we require of their chief competitors, the corporations. It is a matter of adjustment on the basis of justice.

At the same time the Government would be benefited by getting a lower rate of interest for securities over any possible amount of tax it might receive.

Mr. STAFFORD. As to the flotation of State bonds, would not the direct effect be that of having their rates raised, because you are putting into the market, in competition with them, a premier bond of the United States that is not taxable?

Mr. HAWLEY. That would depend on what securities were being offered at that time.

Mr. STAFFORD. That was the argument made some years ago.

The CHAIRMAN. The time of the gentleman from Oregon has again expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. HAWLEY. In connection with a certain line of inquiry I have been engaged in I have found that many bonds issued by States and municipalities have in this present market been selling for 3.10 per cent and some were selling around 3 per cent. They were tax-free. I also found that some State issues were selling for less than that rate. We have this market to face. It is not a theory but it is a condition. This legislation is proposed as the best thing for the country and the Treasury.

The CHAIRMAN. The time of the gentleman from Oregon has again expired.

Mr. HULL of Tennessee. Mr. Chairman, I move to strike out the last word. I think there are two answers to the views expressed by the gentleman from Oregon. In the first place, the hearings are filled with statements by Secretary Mellon, Undersecretary Mills, and others, made during the pendency of the constitutional tax amendment in 1921-22, to the effect that when tax-free securities are issued to a considerable extent there is no longer any appreciable difference in bond price levels on the markets of the country. I mean by this that the value of the exemption disappears. The reporter carried off those hearings. If I had them I could read them again, but they are filled with the unqualified statements of the Secretary of the Treasury and the Undersecretary to the effect that when you issue large numbers of tax-free securities that then the values of all merge, that is, the Federal, State, county, and other municipal securities settle on a level that ignores the value of the tax exemption. In the second place, the gentleman from Oregon said it would not be treating all taxpayers alike not to repeal this surtax on Liberty bonds. The fact is it was imposed in order to treat all taxpayers with the same equity and consideration. It was imposed in harmony with the doctrine of this Government to impose surtaxes or a graduated income tax. The proposal of the gentleman from Oregon is to repudiate the whole doctrine of graduated income taxation in this country. So if the surtaxes are reasonable and equitable—and the Congress, speaking through all political parties, has said it is just—it is logical and really imperative, if we propose to maintain the doctrine of graduated income taxation in this country, that we pursue the policy of retaining the surtax on Liberty bonds.

Mr. FREAR. Mr. Chairman, generally I find myself in agreement with the gentleman from Tennessee. I have always insisted upon placing a fairly good surtax on those best able to pay the graduated income tax. Within the last week I have introduced a bill to increase the surtax from 20 to 25 per cent in the highest brackets. Of course, that has no direct relation to this question of tax-free securities; but here is the situation that confronted us when all these great financiers came before our committee last week opposing the veterans' loan bill because "it would depress the bond market." Because of a statement given out by the Secretary of the Treasury, there had been a drop of 3 cents on the dollar on some of these Federal Government tax-free securities through the threat of putting \$3,400,000,000 more of Government securities on the market. They asserted it would demoralize the bond market. In other words, as the chairman of our committee has just said, the Treasury has to go into the market to meet tax-free securities on every side—Government, State, city, county, and all other municipalities—and in addition we have got to meet all these industrial bonds now held by purchasers for investment. Not only that competition, but we have to market Government securities in this tremendous well of investment in stocks and bonds. If Congress had been frightened, as were all these great financiers who appeared before us were on a possible \$3,400,000,000 bond issue—if it is going to disturb conditions by putting out any comparatively small amount of securities to finance loans for the veterans, what will be the effect of putting the Government into competition with all this vast amount of tax-free securities of the municipalities in the 48 States which are still in existence and which will be continuously invested? Where is the disadvantage of putting Federal Gov-

ernment bonds on the market not containing like tax exemptions when conditions are as they are to-day?

Mr. LINTHICUM. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. LINTHICUM. Does not the gentleman think he ought to make a distinction between State and municipal bonds by saying they are free only in the States where issued and in those respective communities that issue them, because the Government proposition is nation-wide?

Mr. FREAR. That is possibly true; but under the comity of States they are tax free in direct competition, and we are facing a condition and not a theory.

Mr. HULL of Tennessee. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. HULL of Tennessee. In 1919, after the war was over and after we had issued and floated about \$25,000,000,000 worth of securities, we then put on the Victory loan, which, as I stated, was absorbed after the war was over at a rate of $4\frac{1}{2}$ per cent, subject to surtax, and those bonds were taken in preference to tax-free exempt securities at $3\frac{3}{4}$ per cent. So I think that in peace time, with great reservoirs of credit, the present comparatively small amount would be taken care of by the market.

Mr. FREAR. It is not a comparatively small amount. Eight billion dollars is about to be refunded, and in a market that has absorbed many billions of securities since that day. The gentleman sat with me and he listened, as I did, to those witnesses the other day who were telling us about the condition of the bond market. Certainly all of us desire to permit the same tax-free privileges, if necessary, to meet prices of over \$70,000,000,000 of different classes of Government and municipal bonds now held by investors and that are constantly being refunded.

If we put the Government at a disadvantage, we have got to pay higher rates of interest. It is for the benefit of the Government I am speaking, and purely that, when going into the bond market for the sale of securities provided for in the bill.

Mr. REILLY. Will the gentleman yield?

Mr. FREAR. I yield to my colleague from Wisconsin.

Mr. REILLY. Does the gentleman agree with the statement of the gentleman from Tennessee that in the past there has been no appreciable difference in the rate of interest nor would be in the future?

Mr. FREAR. That may be true no one can say now, but we face this question: If my colleague from Wisconsin is going into the market to buy bonds, and is a man of large enough means so that the surtax is going to affect him, he will say, "Here is a New York bond, or some other tax-free bond, and here is a Federal bond. On the New York bond I will not be compelled to pay any surtax, and on the Government bond I will have to pay that tax. Consequently I will invest in the New York bond," and therefore the other bonds must bear a higher rate of interest in order to be comparable.

Mr. REILLY. What has been the result in practice?

Mr. FREAR. The practice is that when you consider the two you will make your choice between them, and that affects the terms of purchase.

Mr. BRIGGS. Is it not true, however, that all of the Government bonds practically are now demanding a very substantial premium, even those bearing the lowest interest rate?

Mr. FREAR. It is true now. It is only a question of rates of interest that the Government will pay to release the tax-free privilege. We are borrowing now through our short-term Treasury notes at as low a rate as 1 per cent.

Mr. BRIGGS. Is it not also true that the removal of this surtax will create a loss, and in a rather substantial amount, to the United States, in its tax returns?

Mr. FREAR. That is possible, but the interest rates are the real issue presented to us by the Treasury. I may suggest that this is the wish of the Treasury Department. It is not the committee that is urging this, and the Treasury Department has to negotiate the bonds. They are up against this very proposition of competing with an abundance of

tax-free securities constantly offered for sale. The purchaser will select the best bargain represented in net returns to him.

Mr. DUNBAR. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman and members of the committee, I am in favor of the amendment of the gentleman from Tennessee unless I can obtain information which I have been unable to obtain in the debate which would justify the adoption of section 2.

I wish to ask the chairman of the committee [Mr. HAWLEY] a question. On page 2 of the report of the Secretary of the Treasury, for the year ending June 30, 1928, the statement is made, "Since the income of corporations from such securities"—that is, Federal securities—"is wholly surtax exempt, whereas the individual income therefrom is subject to surtax * * *."

Federal securities of approximately \$15,000,000,000 issued by the United States are outstanding. Those in the hands of corporations are exempt from the payment of surtax. Now, can the gentleman inform us how much of that \$15,000,000,000 of Federal securities is in the hands of corporations?

Mr. HAWLEY. It is impossible to make any statement on that because the bonds are being dealt in and ownership is continually being transferred. I have no figures on that, but the insurance companies own great blocks of them.

Mr. DUNBAR. I am in favor of striking off section 2 for this reason. The sale of these bonds, with surtax exemptions, will, as stated by the gentleman, enable the Federal Government to borrow money at a less rate of interest, but it is accompanied by decreased tax on incomes of more than \$10,000 annually. But unless the gentleman can tell us how much our present Federal indebtedness is in the ownership of corporations, there is no information that will inform us how much less surtax will be paid to the Federal Government.

Mr. FREAR. Will the gentleman yield?

Mr. DUNBAR. Yes.

Mr. FREAR. If the gentleman has bonds from the State of Indiana and he puts them beside bonds of the Federal Government, and one is tax free and the other is not tax free, does not the gentleman see the position in which he places the agents for the Federal Government in the selling of these bonds?

Mr. DUNBAR. No; I do not. Indiana bonds pay a higher rate of interest.

Mr. HAWLEY. Will the gentleman yield?

Mr. DUNBAR. Yes.

Mr. HAWLEY. Forty per cent of the securities are held by the banks, large blocks are held by insurance companies, and very large issues are distributed throughout the various parts of the country.

Mr. DUNBAR. What I am interested in with respect to this amendment is this: Some of the comparably poor people in the United States should have assurance that they can buy a bond and know that they are practically secure; such as Federal securities. If the surtax is exempt in the sale of these bonds, the Government, of course, will pay a less rate of interest and receive more for sale of bonds; but a poor man or a poor family owning \$5,000 worth of bonds will pay more for bonds and receive less interest, which, in the event of the adoption of section 2, will be very much reduced. The individual with an income of \$1,000,000 from bonds pays 20 per cent surtax. The individual who owns \$5,000 worth of bonds pays no surtax if his income is less than \$10,000; but that 20 per cent will be reflected in the price that is paid for the bonds, and being thus reflected, the small individual bondholder will pay more for his bonds. The large individual bondholder will be exempt 20 per cent if section 2 is adopted, if his income is at the maximum; the small man will not be exempt the 20 per cent, but the 20 per cent will be reflected in the amount of interest he receives on his bonds and amount paid for bonds.

Mr. PATTERSON. Will the gentleman yield?

Mr. DUNBAR. I will yield.

Mr. PATTERSON. In the gentleman's extension of his remarks, will he be kind enough to tell us—since it has appeared that the financiers appeared before the Treasury Department—how can the common people reach it?

Mr. DUNBAR. I have never extended my remarks in the RECORD because I have had nothing to add to what I may say on the floor, but I see no reason why we should have surtax-exempt securities in the form of Federal bonds. As I have stated before, I think that all bonds should be surtaxed as now surtaxed. I hope the amendment of the gentleman from Tennessee will be adopted.

Mr. ESTEP. Mr. Chairman and Members of the House, in answer to a question asked by the gentleman from Indiana that in a sense was answered by the gentleman from Oregon [Mr. HAWLEY], I might amplify that statement by saying that 40 per cent of all Government securities are held by the banks of the United States, and there are something like 24,000 banks in the country, and 19,000 of them belong to the American Banking Association.

There are \$300,000,000 of bonds that belong to the insurance companies; \$2,000,000,000 are owned by individuals; and the balance held by corporations and other industrial organizations that have these securities in their assets as reserves.

Mr. DUNBAR. Does the gentleman say that \$300,000,000 belong to the insurance corporations?

Mr. ESTEP. Yes.

Mr. DUNBAR. And \$2,000,000,000 owned by—

Mr. ESTEP. By individuals.

Mr. DUNBAR. And who has the rest?

Mr. ESTEP. Forty per cent is held by banks, \$300,000,000 by insurance companies, and the balance by corporations and other organizations in the country.

Mr. DUNBAR. The gentleman makes the contention that if the national banks hold Government bonds on which no surtax is paid—

Mr. ESTEP. Some are tax exempt and some are not.

Mr. DUNBAR. Then those held by the banks are not all tax exempt.

Mr. ESTEP. No.

Mr. DUNBAR. We ought to have some definite presentment as to the manner in which the Treasury of the United States will be affected by the removal of surtaxes on bonds.

Mr. ESTEP. The tax will not affect the Treasury; the only way it will affect the Treasury is going into the market and competing with other bonds being sold that are tax exempt, because there are State bonds which are tax exempt.

Mr. DUNBAR. I do not know of any State that has approximately as low rate of interest as that which the United States Government pays. We have \$750,000,000 due this year and next year upon which the Federal Government is paying as low as 2½ per cent interest. We have other securities upon which it has been stated on the floor of the House that the Federal Government is paying only 1 per cent.

Mr. ESTEP. Yes; there is 90-day paper which is paying as low as 1 per cent.

Mr. DUNBAR. Does the gentleman undertake to say that any State government can make a loan with interest as low as 1 per cent?

Mr. ESTEP. No; I do not say anything of that kind, because no State government has the assets and the confidence of the people as has the United States Government, and so could not possibly sell at as low a rate of interest.

Mr. DUNBAR. I do not understand the gentleman's argument that the Federal Government will not be able to retain the surtax and compete with State securities. The price of State securities to-day is nearly double.

Mr. ESTEP. I am suggesting that this bill is to help the Secretary of the Treasury market the Government's securities. I do not know what conditions may arise, but I do say that Congress is not always in position to handle the matter, and if you authorize the Secretary of the Treasury to handle it, I think it will be well taken care of.

Mr. KETCHAM. Will the gentleman state the total amount of securities of the Federal Government outstanding?

Mr. ESTEP. Sixteen billion dollars.

Mr. KETCHAM. Does the gentleman have any figures that would indicate approximately the number of billions of dollars of securities that were put out by the States and their political subdivisions?

Mr. ESTEP. I can give the gentleman about the total sum of industrial State and foreign bonds held in the United States, which is \$150,000,000,000.

Mr. KETCHAM. Owned in the United States?

Mr. ESTEP. And there is an absorbing power in the people of the United States in normal times of about \$7,000,000,000 to absorb municipal, Government, industrial, and foreign bonds.

Mr. KETCHAM. Then the ratio as between Federal and other bonds is about as one to nine?

Mr. ESTEP. There are \$30,000,000,000 worth of municipal bonds on the market in comparison to the \$16,000,000,000 worth of Federal bonds.

Mr. O'CONNOR of Oklahoma. Mr. Chairman, I move to strike out the last word. I have no desire to embarrass the Secretary of the Treasury. I am not on the Ways and Means Committee, but if the Congress does not change its ways you are going to have to furnish a whole lot of means some of these days. I believe a principle is involved here, and that is the principle of the graduated income tax. If that is sound, then this provision in the bill is wrong. It strikes at the root of the surtax. The two can not stand together. I am in favor of the amendment offered by the gentleman from Tennessee. The amendment here to strike out section 2 sustains the graduated income tax law. If this bill be passed without that amendment, do we not place the Secretary of the Treasury in this position? These great bond buyers that come really to fix the interest rate with him on the bonds have a legislative authorization to use to influence him and force him to issue bonds tax free in order to secure a reasonable interest rate, and they are going to use it. The test is not what would be a fair rate of interest to-day, under present conditions from which they would be tax exempt, but they are exempt from all taxes to be imposed hereafter, through all the time that these bonds will be outstanding. I do not know anyone who is enough of a prophet to know what facts and emergencies are going to face this country, but if we keep on with the Government going into various kinds of business and appropriating all the money that anybody who has votes enough to elect or defeat us asks us to appropriate then we are going to have to sell lots and lots of bonds; and by a provision such as this contained in the bill you are giving the big bond buyer an insurance against his ever having to pay any taxes, and asking the Government to go to other sources to raise all of the revenue that is needed.

I expect to support the amendment offered by the gentleman from Tennessee. To do otherwise would be to strike a body blow at the graduated income tax. Tax exemptions, like indirect taxes, tend to governmental extravagance. We are developing a class of people who are tax exempt. If we were able to pay all of our taxes—municipal, State, and Federal—directly, we would not have the extravagant Government that we have to-day. You can not go into a man's home and take a dollar of direct tax away from him without a holler on his part; but you can tax the food on his table in an indirect way to a point so high that he will hardly be able to buy any, and you can by indirect tax so tax his clothing that he will find himself compelled to keep on an old coat instead of having a new coat. It is done indirectly; he does not know it, and he does not feel it, but it is there just the same in the cost of living. And with your tax-exempt people it is the same thing. If a man is not paying for the extravagance of government, he is not interested in governmental economy. What this country needs more than anything else is to have brought home to the people that all of this cost of government is borne by all the people, whether they are taxpaying or not. It is all wrapped up in the high

cost of living and has to be paid for. There is no magic, and we can not perform magic, although we may have magicians here. To meet the financial obligations of the Government, all of the money has to come out of the sweat and toil and labor of the past and what is to be earned in the future. [Applause.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I shall gladly vote for the amendment to strike out section 2 unless this section is amended. This section, as it is drawn, clearly provides a nice present to many who now hold large blocks of Government bond issues.

We are told that we must have the language in the bill as incorporated in section 2 in order to exempt the new bonds and certificates from the surtax so that the Treasury Department may market the bonds and certificates more easily. While the language of the bill as it is drawn indicates that the new bonds and certificates issued under the provisions of the bill will not be subject to the surtax, that language also repeals the surtax on the billions of dollars' worth of bonds already issued and now in the hands of the taxpayers subject to the payment of the surtax. There is no doubt about it because, beginning in line 1, section 2, on page 2, the bill reads:

Bonds authorized by section 1, and certificates authorized by section 6, of this act, as amended, shall be exempt from graduated additional income taxes.

And when you read section 1 it does not merely refer to the new bonds and certificates to be issued hereafter, but the entire issue of \$28,000,000,000. I hope the chairman of the Ways and Means Committee will offer an amendment which will definitely limit the exemption from the surtax to the issues hereafter made.

Mr. CHIPERFIELD. May I ask the distinguished gentleman from Oregon a question, and it is a very serious question, as this measure is drafted. Section 2 of the bill provides in part "bonds authorized by section 1, and certificates authorized by section 6 of this act, as amended, shall be exempt from graduated additional income taxes," and so forth. Is there not great probability that that includes all bonds that have been issued heretofore, as well as bonds that will be issued now?

Mr. HAWLEY. No. Only bonds that the Treasury will offer under this legislation.

Mr. CHIPERFIELD. It does not say so.

Mr. HAWLEY. If the Chairman will pardon me. All the bonds which the Treasury will offer are the additional eight billions. The bonds already outstanding are not in the hands of the Secretary of the Treasury; he has nothing to do with them; he is not offering them for sale to anybody, but if the gentleman is in doubt, that may be remedied by putting in an amendment at line 3, page 2, after the word "amended," "hereafter issued," so that it will read "hereafter issued, shall be exempt from graduated additional income taxes."

Mr. CHIPERFIELD. I am not disposed to place any obstacles in the way of the plan of the committee, but I think there is a very serious question if it does not embrace all bonds.

Mr. TABER. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. TABER. In section 2, the last two lines, I think, safeguard the matter:

If and when the Secretary of the Treasury shall so prescribe in connection with the issue thereof.

No bonds, unless the Secretary of the Treasury has already prescribed that they shall carry this tax-exempt privilege, can be tax exempt unless they are issued in the future, and the Secretary of the Treasury shall so prescribe.

Mr. HAWLEY. Mr. Chairman, I offer an amendment, which I have sent to the Clerk's desk.

The CHAIRMAN. The gentleman from Oregon offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HAWLEY: On page 2, in line 3, after the word "amended," insert the words "hereafter issued."

The amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. HULL of Tennessee: Beginning on line 9, page 1, strike out all of section 2.

The question was taken; and on a division (demanded by Mr. HULL of Tennessee) there were—ayes 100, noes 111.

So the amendment was rejected.

Mr. HAWLEY. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. SNELL, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 16111) to amend sections 1 and 7 of the second Liberty bond act, as amended, had directed him to report the same back to the House with one amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. HAWLEY. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. HULL of Tennessee. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The gentleman from Tennessee [Mr. HULL] offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. HULL of Tennessee moves to recommit the bill to the Committee on Ways and Means with instructions to report the bill back to the House with an amendment striking out section 2 of the bill.

The SPEAKER. The question is on the motion to recommit.

Mr. HULL of Tennessee. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 161, nays 200, answered "present" 1, not voting 69, as follows:

[Roll No. 33]

YEAS—161

Abernethy	Condon	Green	McDuffie
Allgood	Connery	Greenwood	McFadden
Almon	Cooper, Tenn.	Gregory	McKeown
Andresen	Cox	Griffin	McMillan
Arentz	Crisp	Hare	McReynolds
Arnold	Cross	Hastings	McSwain
Aswell	Crosser	Hill, Ala.	Mansfield
Auf der Heide	Cullen	Hill, Wash.	Mead
Ayres	Davis	Hogg, Ind.	Milligan
Bankhead	DeRouen	Howard	Montet
Black	Dominick	Huddleston	Mooney
Blanton	Dorsey	Hull, Tenn.	Moore, Ky.
Bloom	Doughton	Hull, Wis.	Moore, Va.
Box	Doxey	James, N. C.	Moorehead
Boylan	Drane	Jeffers	Nelson, Mo.
Brand, Ga.	Driver	Johnson, Okla.	Norton
Briggs	Dunbar	Johnson, Tex.	O'Connor, Okla.
Browne	Edwards	Jones, Tex.	Oldfield
Browning	Eslick	Kading	Oliver, Ala.
Brunner	Evans, Mont.	Kemp	Oliver, N. Y.
Buchanan	Finley	Kerr	Owen
Busby	Fisher	Ketcham	Palmisano
Butler	Fitzpatrick	Knutson	Parks
Byrns	Fuller	Kvale	Parsons
Campbell, Iowa	Fullmer	LaGuardia	Patman
Canfield	Gambrell	Lambertson	Patterson
Cannon	Garber, Okla.	Lanham	Peavey
Cartwright	Gasque	Lankford, Ga.	Pittenger
Christgau	Gavagan	Linthicum	Prall
Clague	Glover	Lozier	Quin
Clark, Md.	Goldsborough	Ludlow	Ragon
Cochran, Mo.	Goodwin	McCormack, Mass.	Rainey, Henry T.

Ramspeck
Rankin
Rayburn
Reilly
Robinson
Rutherford
Sanders, Tex.
Sandlin
Schneider

Sears
Selvig
Sinclair
Smith, W. Va.
Somers, N. Y.
Stafford
Steagall
Summers, Tex.
Tarver

Taylor, Tenn.
Thurston
Tucker
Underwood
Vinson, Ga.
Walker
Warren
Whitehead
Williams

Williamson
Wilson
Wingo
Woodrum
Wright
Yon

NAYS—200

Ackerman
Adkins
Allen
Andrew
Bachmann
Bacon
Baird
Barbour
Beck
Beedy
Beers
Blackburn
Bohn
Bolton
Bowman
Brand, Ohio
Brigham
Britten
Brumm
Buckbee
Burdick
Burtness
Cable
Campbell, Pa.
Carter, Calif.
Carter, Wyo.
Chalmers
Chindblom
Chitperfield
Christopherson
Clancy
Clarke, N. Y.
Cochran, Pa.
Cole
Collier
Collins
Colton
Cooke
Cooper, Ohio
Coyle
Craddock
Crall
Cramton
Crowther
Culkin
Dallinger
Darrow
Davenport
Denison
De Priest

Dickinson
Douglas, Ariz.
Doutrich
Dyer
Eaton, Colo.
Eaton, N. J.
Elliott
Ellis
Estep
Esterly
Evans, Calif.
Fenn
Fish
Fort
Foss
Frear
Free
Freeman
French
Gibson
Gifford
Golder
Goss
Graham
Granfield
Guyer
Hadley
Hale
Hall, Ill.
Hall, Ind.
Hall, N. Dak.
Halsey
Hancock, N. Y.
Hardy
Haugen
Hawley
Hess
Hickey
Hoch
Hogg, W. Va.
Holaday
Hooper
Hope
Hopkins
Houston, Del.
Hudson
Hull, Morton D.
Hull, William E.
Irwin
James, Mich.

Jenkins
Johnson, Ill.
Johnson, Nebr.
Johnson, Wash.
Jonas, N. C.
Kahn
Kearns
Kelly
Kendall, Ky.
Kendall, Pa.
Kinzer
Kopp
Kurtz
Langley
Lankford, Va.
Leavitt
Leech
Lehibach
Letts
Loofbourov
Luce
McClintock, Ohio
McLaughlin
Maas
Manlove
Mapes
Martin
Menges
Merritt
Michener
Miller
Moore, Ohio
Mouser
Murphy
Nelson, Me.
Niedringhaus
Nolan
Palmer
Parker
Pratt, Ruth
Pritchard
Purnell
Ramey, Frank M.
Ramseyer
Ransley
Reece
Reed, N. Y.
Rich
Rogers
Sanders, N. Y.

Schafer, Wis.
Seger
Seiberling
Shaffer, Va.
Shott, W. Va.
Shreve
Simmons
Sloan
Smith, Idaho
Snell
Snow
Sparks
Speaks
Sproul, Kans.
Stalker
Stobbs
Strong, Kans.
Strong, Pa.
Sullivan, Pa.
Summers, Wash.
Swanson
Swing
Taber
Temple
Thatcher
Tilson
Timberlake
Treadway
Turpin
Underhill
Vestal
Vincent, Mich.
Wainwright
Wason
Watres
Welch, Calif.
Welsh, Pa.
White
Whitley
Whittington
Wigglesworth
Wolfenden
Wolverton, N. J.
Wolverton, W. Va.
Wood
Woodruff
Wurzbach
Wyant
Yates
Zihlman

ANSWERED "PRESENT"—1

Lindsay

NOT VOTING—69

Aldrich
Bacharach
Bell
Bland
Carley
Celler
Chase
Clark, N. C.
Connolly
Cooper, Wis.
Corning
Dempsey
Dickstein
Douglass, Mass.
Dowell
Doyle
Drewry
Englebright

Erk
Fitzgerald
Garber, Va.
Garner
Garrett
Hall, Miss.
Hancock, N. C.
Hartley
Hoffman
Hudspeth
Igoe
Johnson, Ind.
Johnson, S. Dak.
Johnston, Mo.
Kennedy
Kiefner
Korell
Kunz

Larsen
Lea
McClintock, Okla.
McCormick, Ill.
McLeod
Magrady
Michaelson
Montague
Morgan
Nelson, Wis.
Newhall
O'Connor, La.
O'Connor, N. Y.
Perkins
Pou
Pratt, Harcourt J.
Reid, Ill.
Romjue

Rowbottom
Sabath
Short, Mo.
Simms
Sirovich
Spearing
Sproul, Ill.
Stevenson
Stone
Sullivan, N. Y.
Swick
Taylor, Colo.
Thompson
Tinkham
Watson

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Larsen (for) with Mr. Connolly (against).
Mr. Bell (for) with Mr. Aldrich (against).
Mr. O'Connor of New York (for) with Mr. Sproul of Illinois (against).
Mr. Igoe (for) with Mr. Johnson of South Dakota (against).
Mr. Lindsay (for) with Mr. Bacharach (against).
Mr. Romjue (for) with Mr. Pratt, H. J. (against).
Mr. Drewry (for) with Mr. Johnson of Indiana (against).
Mr. Kennedy (for) with Mr. Reid of Illinois (against).
Mr. Hall of Mississippi (for) with Mr. Magrady (against).
Mr. Clark of North Carolina (for) with Mr. Kiefner (against).
Mr. Dowell (for) with Mr. Hartley (against).
Mr. Stevenson (for) with Mr. Erk (against).
Mr. Corning (for) with Mr. Swick (against).
Mr. Sullivan of New York (for) with Mr. McLeod (against).
Mr. Bland (for) with Mr. Watson (against).
Mr. Hancock of North Carolina (for) with Mr. Perkins (against).
Mr. Pou (for) with Mr. Short (against).
Mr. Dickstein (for) with Mr. Englebright (against).

Until further notice:

Mr. Tinkham with Mr. Garner.
Mr. Garber of Virginia with Mr. Carley.
Mr. Korell with Mr. Taylor of Colorado.
Mr. Nelson of Wisconsin with Mr. Lea.
Mr. Michaelson with Mr. Celler.
Mr. Cooper of Wisconsin with Mr. McClintic of Oklahoma.
Mr. Johnston of Missouri with Mr. Garrett.
Mr. Chase with Mr. Sirovich.
Mr. Dempsey with Mr. Montague.
Mrs. McCormick of Illinois with Mr. Sabbath.
Mr. Simms with Mr. O'Connor of Louisiana.
Mr. Fitzgerald with Mr. Doyle.
Mr. Newhall with Mr. Spearing.
Mr. Hoffman with Mr. Hudspeth.
Mr. Stone with Mr. Kunz.

Mr. FITZGERALD. Mr. Speaker, I was not in the Chamber when my name was called, but if I had been I would have voted "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill. The bill was passed.

On motion of Mr. HAWLEY, a motion to reconsider the vote by which the bill was passed was laid on the table.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. WASON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H. R. 16415, making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1932, and for other purposes, insist on the House amendment to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. The gentleman from New Hampshire asks unanimous consent to take from the Speaker's table House bill 16415, insist on the House amendment to the Senate amendment and agree to the conference asked by the Senate. The Clerk will report the bill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER appointed the following conferees: Messrs. WASON, SUMMERS of Washington, and WOODRUM.

CONFERENCE REPORT—MUSCLE SHOALS

Mr. WURZBACH. Mr. Speaker, I call up the conference report on Senate Joint Resolution 49, to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. The gentleman from Texas calls up the conference report on Senate Joint Resolution 49, and asks unanimous consent that the statement may be read in lieu of the report. Is there objection?

Mr. FORT. Mr. Speaker, reserving the right to object, as I understand it, we have only an hour under the rules for debate on this motion. If the gentleman from Texas is prepared to agree to ask for a longer time than that I shall not object.

Mr. WURZBACH. How much longer time would the gentleman suggest?

Mr. FORT. The time I want is guaranteed to me, but a considerable number of Members want to be heard on this question. The gentleman from Pennsylvania [Mr. RANSLEY] can answer as to the amount of time desired.

Mr. RANSLEY. Will the gentleman yield?

Mr. WURZBACH. Yes.

Mr. RANSLEY. I would suggest, if the gentleman will permit the suggestion, that at least an hour and a half, if not two hours, be given, because there is a matter of principle involved, and many Members on both sides of the Chamber are asking for time. I would further request that the gentleman give a fair division of the time so that we can divide the time equally between those favoring the bill and those opposing it.

Mr. WURZBACH. I want to state that I had a tentative understanding with the gentleman from Pennsylvania that if he made a unanimous-consent request for an additional

30 minutes I would not object to it and I still stand by that tentative understanding.

Mr. TILSON. That would mean an equal division of the time.

Mr. WURZBACH. I also stated to the gentleman from Pennsylvania that I would permit him to suggest to me the names of those gentlemen who were in opposition to the report.

Mr. RANSLEY. We want a fair division of the time, and as a rule that courtesy is always extended, even to the other side.

Mr. WURZBACH. No one can charge me with any discourtesy.

Mr. RANSLEY. I did not intend to suggest that.

Mr. WURZBACH. I want to be perfectly fair with the opposition.

Mr. CRISP. Will the gentleman yield?

Mr. WURZBACH. Yes.

Mr. CRISP. May I suggest this to the gentleman: If any unanimous-consent request is submitted for the extension of time, would it not be advisable to have in that request that at the expiration of that time the previous question shall be ordered?

Mr. TILSON. If that request is made, we ought to have two hours. It is better to spend the time in debate than to have a roll call, and unless we get a fair division of the time I shall insist upon an effort to vote down the previous question so that we may have an hour's more time. Let us be fair about this matter.

Mr. CRISP. The object of my inquiry was to have the House fully understand the situation.

Mr. WURZBACH. Mr. Speaker, I ask unanimous consent that debate on this report be limited to two hours; that at the end of that time the previous question shall be considered as ordered, and that the statement be read in lieu of the conference report. I also ask that the time be divided equally between those in favor of and those against the report.

The SPEAKER. May the Chair make this suggestion: It would be far easier for the Chair if the time were controlled by one gentleman on one side and another gentleman on the other side.

Mr. WURZBACH. And that one-half of the time be controlled by the gentleman from Pennsylvania [Mr. RANSLEY], in opposition, and the other one-half of the time be controlled by myself.

The SPEAKER. The gentleman from Texas asks unanimous consent that time for debate upon the conference report be limited to two hours, one-half to be controlled by himself and one-half by the gentleman from Pennsylvania [Mr. RANSLEY]; that debate be confined to the report; at the end of two hours the previous question shall be considered as ordered; and that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S. J. Res. 49) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the joint resolution and agree to the same, with an amendment as follows:

In lieu of the language put in by the House insert the following:

"That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to aid navigation and the control of destructive flood waters in the

Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the 'Muscle Shoals Corporation of the United States' (hereinafter referred to as the corporation). The board of directors first appointed shall be deemed the incorporators and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the 'Muscle Shoals act of 1931.'

"Sec. 2. (a) The board of directors of the corporation (hereinafter referred to as the board) shall be composed of three members, not more than two of whom shall be members of the same political party, to be appointed by the President, by and with the advice and consent of the Senate. The board shall organize by electing a chairman, vice chairman, and other officers, agents, and employees, and shall proceed to carry out the provisions of this act.

"(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the second year, one at the end of the fourth year, and one at the end of the sixth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring six years from the date of the expiration of the term for which his predecessor was appointed.

"(c) Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the board to execute the functions of the corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board.

"(e) Each of the members of the board shall be a citizen of the United States and shall receive compensation at the rate of \$50 per day for each day that he shall be actually engaged in the performance of the duties vested in the board, to be paid by the corporation as current expenses, not to exceed, however, 150 days for the first year after the date of the approval of this act, and not to exceed 100 days in any year thereafter. Members of the board shall be reimbursed by the corporation for actual expenses (including traveling and subsistence expenses) incurred by them while in the performance of the duties vested in the board by this act.

"(f) No director shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Muscle Shoals project as a producer of concentrated fertilizers.

"(g) The board shall direct the exercise of all the powers of the corporation.

"(h) All members of the board shall be persons that profess a belief in the feasibility and wisdom, having in view the national defense and the encouragement of interstate commerce, of producing fixed nitrogen under this act of such kinds and at such prices as to induce the reasonable expectation that the farmers will buy said products, and that by reason thereof the corporation may be a self-sustaining and continued success.

"Sec. 3. (a) The chief executive officer of the corporation shall be a general manager, who shall be responsible to the board for the efficient conduct of the business of the corporation. The board shall appoint the general manager, and shall select a man for such appointment who has demonstrated his capacity as a business executive. The general manager shall be appointed to hold office for 10 years, but he may be removed by the board for cause, and his term of office shall end upon repeal of this act, or by amendment thereof expressly providing for the termination of his office. Should the office of general manager become vacant for any

reason, the board shall appoint his successor as herein provided.

"(b) The general manager shall appoint, with the advice and consent of the board, two assistant managers who shall be responsible to him, and through him to the board. One of the assistant managers shall be a man possessed of knowledge, training, and experience to render him competent and expert in the production of fixed nitrogen. The other assistant manager shall be a man trained and experienced in the field of production and distribution of hydroelectric power. The general manager may at any time, for cause, remove any assistant manager, and appoint his successor as above provided. He shall immediately thereafter make a report of such action to the board, giving in detail the reason therefor. He shall employ, with the approval of the board, all other agents, clerks, attorneys, employees, and laborers.

"(c) The combined salaries of the general manager and the assistant managers shall not exceed the sum of \$50,000 per annum, to be apportioned and fixed by the board.

"Sec. 4. Except as otherwise specifically provided in this act, the corporation—

"(a) Shall have succession in its corporate name.

"(b) May sue and be sued in its corporate name, but only for the enforcement of contracts and the defense of property.

"(c) May adopt and use a corporate seal, which shall be judicially noticed.

"(d) May make contracts, but only as herein authorized.

"(e) May adopt, amend, and repeal by-laws.

"(f) May purchase or lease and hold such personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

"(g) May appoint such officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, define generally their duties, require bonds of them and fix the penalties thereof, and dismiss at pleasure any such officer, employee, attorney, or agent, and provide a system of organization to fix responsibility and promote efficiency.

"(h) The board shall require that the general manager and the two assistant managers, the secretary and the treasurer, the bookkeeper or bookkeepers, and such other administrative and executive officers as the board may see fit to include, shall execute and file before entering upon their several offices good and sufficient surety bonds, in such amount and with such surety as the board shall approve.

"(i) Shall have all such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation, including the right to exercise the power of eminent domain.

"Sec. 5. The board is hereby authorized and directed—

"(a) To operate existing plants for experimental purposes, to construct, maintain, and operate experimental plants at or near Muscle Shoals for the manufacture of fertilizer or any of the ingredients comprising fertilizer for experimental purposes;

"(b) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase by the Government or only for the payment of carrying charges on special materials manufactured at the Government's request for its program;

"(c) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce;

"(d) To cooperate with National, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

"(e) The board shall manufacture fixed nitrogen at Muscle Shoals by the employment of existing facilities (by

modernizing existing plants), or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen. The fixed nitrogen provided for in this act shall be in such form and in combination with such other ingredients as shall make such nitrogen immediately available and practical for use by farmers in application to soil and crops.

"(f) Under the authority of this act the board may donate not exceeding 1 per cent of the total product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of use of same.

"(g) The board is authorized to make alterations, modifications, or improvements in existing plants and facilities.

"(h) To establish, maintain, and operate laboratories and experimental plants, and to undertake experiments for the purpose of enabling the corporation to furnish nitrogen products for military and agricultural purposes in the most economical manner and at the highest standard of efficiency.

"(i) The board shall have power to request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the corporation the better to carry out its powers successfully, and the President shall, if in his opinion the public interest, service, and economy so require, direct that such assistance, advice, and service be rendered to the corporation, and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board and of the general manager.

"(j) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

"(k) Upon the requisition of the Secretary of War the corporation shall allot and deliver without charge to the War Department so much power as shall be necessary in the judgment of said department for use in operation of all locks, lifts, or other facilities in aid of navigation.

"(l) To produce, distribute, and sell electric power, as herein particularly specified.

"(m) No products of the corporation shall be sold for use except to the United States, her Territories, and possessions, except to the United States Government for the use of its Army and Navy or to its allies in case of war.

"SEC. 6. In order to enable the corporation to exercise the powers vested in it by this act—

"(a) The exclusive use, possession, and control of the United States nitrate plants numbered 1 and 2, located respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam Numbered 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof are hereby entrusted to the corporation for the purposes of this act.

"(b) The President of the United States is authorized to provide for the transfer to the corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the corporation as herein stated.

"SEC. 7. (a) The corporation shall maintain its principal office in the immediate vicinity of Muscle Shoals, Ala. The corporation shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to venue of civil suits.

"(b) The corporation shall at all times maintain complete and accurate books of accounts.

"SEC. 8. (a) The board shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of the corporation covering the preceding fiscal year. This report shall include the total number of employees and the names, salaries, and duties of those receiving compensation at the rate of more than \$2,500 a year.

"(b) The board shall require a careful and scrutinizing audit and accounting by the General Accounting Office during each governmental fiscal year of operation under this act, and said audit shall be open to inspection to the public at all times and copies thereof shall be filed in the principal office of the Muscle Shoals Corporation at Muscle Shoals in the State of Alabama. Once during each fiscal year the President of the United States shall have power, and it shall be his duty, upon the written request of at least two members of the board, to appoint a firm of certified public accountants of his own choice and selection which shall have free and open access to all books, accounts, plants, warehouses, offices, and all other places, and records, belonging to or under the control of or used by the corporation in connection with the business authorized by this act. And the expenses of such audit so directed by the President shall be paid by the board and charged as part of the operating expenses of the corporation.

"SEC. 9. The board is hereby empowered and authorized to sell the surplus power not used in its operations and for operation of locks and other works generated at said steam plant and said dam to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said authority the board is authorized to enter into contracts for such sale for a term not exceeding 10 years and in the sale of such current by the board it shall give preference to States, counties, or municipalities purchasing said current for distribution to citizens and customers: *Provided further*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon two years' notice in writing, if the board needs said power to supply the demands of States, counties or municipalities.

"SEC. 10. It is hereby declared to be the policy of the Government to distribute the surplus power generated at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance of Muscle Shoals.

"SEC. 11. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized either from appropriations made by Congress or from funds secured from the sale of such power to construct, lease, or authorize the construction of transmission lines within transmission distance in any direction from said Dam No. 2 and said steam plant: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to Muscle Shoals, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 30 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the corporation and any municipality or other political subdivision shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be void if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality

or other political subdivision: *And provided further*, That any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the board shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount fixed as reasonable, just, and fair by the Federal Power Commission; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the Federal Power Commission, the contract for such sale between the board and such distributor of electricity shall be declared null and void and the same shall be canceled by the board.

"SEC. 12. Five per cent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 per cent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2, and from the gross proceeds of the sale of such excess power $2\frac{1}{2}$ per cent shall be paid to the State of Alabama and $2\frac{1}{2}$ per cent to the State of Tennessee. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee the board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any department of the Government of the United States used in the operation of any locks on the Tennessee River, or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose. The net proceeds derived by the board from the sale of power and any of the products manufactured by the corporations, after deducting the costs of operation, maintenance, depreciation, and an amount deemed by the board as necessary to withhold as operating capital, shall be paid into the Treasury of the United States at the end of each calendar year.

"SEC. 13. The Secretary of War is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant No. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant No. 2: *Provided*, That the Secretary of War shall not install the additional power unit in said steam plant until, after investigation, he shall be satisfied that the foundation of said steam plant is sufficiently stable or has been made sufficiently stable to sustain the additional weight made necessary by such installation.

"SEC. 14. It is hereby declared to be the policy of the Government to utilize the Muscle Shoals properties for the fixation of nitrogen for agricultural purposes in time of peace.

"SEC. 15. The Secretary of War is hereby authorized, with appropriations hereafter to be made available by the Congress, to construct, either directly or by contract to the lowest responsible bidder, after due advertisement, a dam in and across Clinch River in the State of Tennessee, which has by long usage become known and designated as the Cove Creek Dam, according to the latest and most approved designs of the Chief of Engineers, including its power house and hydroelectric installations and equipment for the generation of at least 200,000 horsepower, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power

may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam.

"SEC. 16. In order to enable and empower the Secretary of War to carry out the authority hereby conferred, in the most economical and efficient manner, he is hereby authorized and empowered in the exercise of the powers of national defense in aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam and the flowage rights for the reservoir of water above said dam, and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies and with railroads, railroad corporations, common carriers, and all public utility commissions and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam and transportation facilities and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the corporation for use and operation in connection with the general Muscle Shoals project and to promote flood control and navigation in the Tennessee River and in the Clinch River.

"SEC. 17. The corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, and any patentee whose patent rights may have been thus in any way copied, used, or employed by the exercise of this authority by the corporation shall have as the exclusive remedy of a cause of action to be instituted and prosecuted on the equity side of the appropriate district court of the United States for the recovery of reasonable compensation. The Commissioner of Patents shall furnish to the corporation, at its request and without payment of fees, copies of documents on file in his office.

"SEC. 18. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but, if this right is exercised by the Government, it shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of electric power or fixed nitrogen or fertilizer ingredients is hereby violated, after the amount of the damages have been fixed by the United States Court of Claims in proceedings instituted and conducted for that purpose under rule prescribed by the court.

"SEC. 19. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States, shall apply to the moneys and property of the corporation and to moneys and properties of the United States intrusted to the corporation.

"(b) Any person who, with intent to defraud the corporation, or to deceive any director or officer of the corporation or any officer or employee of the United States (1) makes any false entry in any book of the corporation, or (2) makes any false report or statement for the corporation, shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than five years, or both.

"(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion or agreement, express or implied, with intent to defraud the

corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$5,000 or imprisoned not more than five years, or both.

"SEC. 20. In order that the board may not be delayed in carrying out the program authorized herein the sum of \$10,000,000 is hereby authorized to be appropriated for that purpose from the Treasury of the United States, of which not to exceed \$2,000,000 shall be made available with which to begin construction of Cove Creek Dam during the calendar year 1931.

"SEC. 21. That all appropriations necessary to carry out the provisions of this act are hereby authorized.

"SEC. 22. That all acts or parts of acts in conflict herewith are hereby repealed.

"SEC. 23. That this act shall take effect immediately.

"SEC. 24. The right to alter, amend, or repeal this act is hereby expressly declared and reserved.

"SEC. 25. That for 12 months following the passage of this act, the President of the United States is hereby given authority to lease, for a term not exceeding 50 years, to any person, firm or corporation, the nitrate plants now owned by the Government at Muscle Shoals, Ala. Said lease shall include the Waco quarry, the railroad switches connecting said quarry with the Southern Railway, and other structures connected therewith and necessary for the operation of said railroad, for the operation of said Waco quarry, and for the operation of said nitrate plants Nos. 1 and 2, but not including steam generating plants. The lease shall also include the machinery, tools and equipment connected with said quarry, said railroad switches and said nitrate plants; also, the houses and residences in the vicinity of said quarry and said nitrate plants for the purpose of housing the employees and others needed in the operation of said quarry, said railroad and said nitrate plants, but not including houses and buildings connected with either of said steam plants and used and occupied or useful for the occupation of employees and others operating said steam plants and not including that portion of the reservation west of Spring Creek. Said lease shall be made upon the following conditions, to wit:

"(a) The rental to be paid for the leasing of such property shall be in such amounts and payable at such times as in the judgment of the President shall be fair and just.

"(b) The lessee shall covenant to keep said property in first-class condition during the entire term of said lease.

"(c) The lessee shall covenant to operate said plants and use said property exclusively in the production and manufacture of fertilizer and fertilizer ingredients to be used in the manufacture or production of fertilizer, and if, in the manufacture of fertilizer or fertilizer ingredients, a by-product is produced which is not an ingredient of fertilizer, the lessee shall have authority to sell and dispose of such by-product as the lessee shall see fit and shall likewise have authority to process such by-product so as to prepare the same for a market.

"*Provided, however,* That in consideration of the lessee complying with the requirements as to the manufacture of fertilizer as prescribed in subsection (d) of this section, the lessee shall have the right during the term of the lease to purchase under provisions of section 26 hereof, an amount of primary power from the corporation equal to 15 per cent of the amount of power used by the lessee in the production of fertilizer, but such 15 per cent of power so purchased shall be entirely independent of, and not used in connection with the leased premises, nor shall the power so purchased be used for the processing or further manufacture of any product produced or manufactured on the leased premises except such by-products as are not ingredients of fertilizer, and in no way shall said power or any machinery operated by it be connected directly or indirectly with the power used for the production of fertilizer or fertilizer ingredients on said leased premises, and no part of the property herein leased shall be used either directly or indirectly for any purpose in connection with the said 15 per cent of power to which the said lessee is given a preferential right.

"*Provided further,* That the said lessee shall be entitled to such quantity of secondary power subject to all the con-

ditions herein set forth applying to said 15 per cent of primary power as in the judgment of the President is fair and equitable.

"(d) Said lease shall also provide that there must be manufactured under said lease annually at least a prescribed amount of nitrogenous plant food of a kind and quality and in a form available as plant food and capable of being applied directly to the soil in connection with the growth of crops; and that such lease shall also contain a stipulation requiring the lessee to produce within three years and six months from the date such lease shall become effective, such fertilizer or fertilizer ingredients containing not less than 10,000 tons of fixed nitrogen, and shall require periodic increases in quantity of such fertilizer or fertilizer ingredients from time to time as the market demands may reasonably require. Such lease shall also provide that such increases shall, within 12 years after such lease becomes effective, reach the maximum production capacity of such plant or plants as the board may find to be economically adapted to the fixation of nitrogen, if the reasonable demands of the market shall justify the same, except when the nitrogen produced is required for national defense, or when the market demands for the same are satisfied by the maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen, but whenever said stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen, the production of such nitrogen, and the manufacture of such fertilizer or fertilizer ingredients shall thereupon be resumed. Said lease shall also provide that the sale of such fertilizer or fertilizer ingredients to be used as fertilizer by the said lessee shall be at a price to include the cost of production and not exceeding 8 per cent profit on the turnover produced, and the cost shall include whatever may be paid to the Government for the use of that part of Government property employed by the lessee in manufacturing such fertilizer or fertilizer ingredients to be used as fertilizer and also not exceeding 6 per cent on any capital invested by the lessee in improvements to existing plants or in additional plants employed in the manufacture of fertilizer or fertilizer ingredients to be used as fertilizer and shall include a reasonable actual carrying charge (exclusive of 8 per cent profit thereon) on the stocks of such fertilizer and fertilizer ingredients as are held in storage and unsold for a year or more as the market demands as above provided shall be satisfied. There shall not be included as part of the cost of producing such fertilizer or fertilizer ingredients any royalty for the use by such lessee of any patent, patent right, or patented process belonging to the lessee, or in which the lessee has any interest, or belonging to any subsidiary or allied corporation, or belonging to or controlled by any officer or agent of the lessee of any such allied or subsidiary corporation, and if the lessee should buy any patent, patent right, or patented process with the hope and expectation of thereby reducing the cost of manufacturing such fertilizer or fertilizer ingredients, or of processing any by-product as hereinbefore permitted, then such sum of money as shall be so paid by the lessee shall be considered and treated in the accounting of the cost of such fertilizer or fertilizer ingredients as investment in the nature of plant account, and not as current expenses, and such costs shall be written off on the expiration of any junior patent or license so acquired. For the annual determination of the cost of such fertilizer and fertilizer ingredients there shall be appointed by the board a production engineer, and by the lessee another production engineer and by these a firm of certified public accountants, and these three shall proceed to ascertain and compute the cost of producing such fertilizer and fertilizer ingredients; and in the event of any disagreement the two said engineers shall select a third production engineer who shall hear and consider the contentions and decide the issues, and such decision shall be binding upon all parties for the year for which the determination shall have been made. A copy of such audit and decision shall be filed each year with the board and by it preserved. The expenses incident to this provision shall be paid by the lessee and shall be charged

as an item in the cost of producing such fertilizer or fertilizer ingredients. If such annual cost determination discloses that any purchasers have paid a cost for fertilizer or fertilizer ingredients in excess of that allowable under this act, then the lessee shall refund such excess to the respective purchasers.

"(e) The said lessee shall give to the said corporation a good and sufficient bond to be approved by the President of the United States, conditioned upon monthly payments to the corporation during the term of said lease for all the power sold by the said corporation to the said lessee.

"SEC. 26. The corporation hereinbefore referred to, operating the steam plants at Muscle Shoals and Dam No. 2 and any other steam and hydroelectric power facilities which may hereafter be constructed or built as hereinbefore provided in this act, shall supply the said lessee with the power necessary for the operation of the properties leased and for the other manufacturing purposes mentioned in subdivision (c) of section 25 hereof at a price which shall be deemed fair and just by the President and the board.

"SEC. 27. For a period of 12 months after the passage of this act, all the provisions of this act relating to the activities of said corporation in the manufacture and production of fertilizer and fertilizer ingredients and to the operation of any of the property authorized to be leased by this act are hereby suspended; and if, within said period, the President leases the property authorized to be leased, such suspension shall continue during the entire time said lease is in effect.

"SEC. 28. If within 12 months after the passage of this act, no lease is made by the President as herein authorized, then authority to make such lease shall cease and sections 25, 26, and 27 shall, at the end of said 12 months' period, become null and void and all the other provisions hereof, which have been suspended for said period of 12 months, shall at once go into full force and effect."

Amend the title to read as follows: "To provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama; to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes."

And the House agree to the same.

HARRY M. WURZBACH,
CARROLL REECE,
PERCY E. QUIN,
HUBERT F. FISHER,

Managers on the part of the House.

CHAS. L. McNARY,
G. W. NORRIS,
E. D. SMITH,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 49), providing for the leasing of the Muscle Shoals properties on certain terms and conditions, and providing for the national defense by the creation of a corporation for the operation of the Government properties at or near Muscle Shoals, in the State of Alabama, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the conference report:

The Senate joint resolution provides for the creation of a corporation to be known as the Muscle Shoals Corporation of the United States, with authority to operate existing plants for experimental purposes for the manufacture of fertilizer or fertilizer ingredients; for donation of not exceeding 1 per cent of the total product of such plants for experimental, educational purposes to county demonstration agents and agricultural colleges; to allot to the Secretary of War certain power for use in operation of all locks, lifts, and other facilities in aid of navigation; and then to

sell the surplus power to States, counties and municipalities, corporations, partnerships, or individuals, with preferences as indicated in said resolution, and providing that in order to place the Government upon a fair basis for making sales of such surplus power, then to construct transmission lines, within transmission distances in any direction from Dam No. 2 and the steam plant; and also provides for the building of Cove Creek Dam, and an authorization of not to exceed \$2,000,000 to begin construction of said dam.

The conferees accepted the Senate joint resolution without amendment but only as an alternative, and its provisions can not, under any circumstances, become effective for a period of 12 months after the passage of the act, during which 12-month period, the President of the United States is given authority to lease all of the Muscle Shoals property for private operation of the nitrate plants for fertilizer manufacture. And if a lease can be made, then for all practical purposes, never become effective.

The managers on the part of the House who have signed the report, believe that the leasing language is so liberal as that the President will be able to effectuate a lease, thus consuming all of the power distributable at Muscle Shoals, leaving little, if any, power for sale, or sale and distribution, under the provisions of the Senate joint resolution. They believe further that if a lease is made, and if not quite all of the power is thus consumed, that the minor part for distribution will be taken by municipalities, willing to build their own transmission lines and thus prevent, by making wholly unnecessary, at least the construction of any transmission lines at the cost of the Government. In other words, we believe that the liberal leasing language written in this report will serve as an effectual barrier against the provisions of the Senate joint resolution from becoming operative.

The language of the bill, as it passed the House, has been superseded by new language whereby the President of the United States is given almost unlimited authority to lease the Muscle Shoals property for fertilizer manufacture, with limitations only controlling the quantity, quality, and selling price of the fertilizer there manufactured, leaving it wholly to the judgment of the President what rental shall be charged for the nitrate plants and other property mentioned in the bill, and the price for power to be paid by the lessee.

It is our firm conviction that only by granting such wide and general blanket authority to the President, making it possible for him to sit across the table from a prospective lessee, can a lease of the Muscle Shoals properties ever be negotiated. We believe that there are no such restrictions or limitations in the leasing language of the conference report as will bar any reasonably minded prospective lessee from submitting a bid, or from negotiating for a lease. The terms may be made attractive, without the grant of Government subsidy, and at the same time realizing a much fairer return to the Government than it is now receiving, and has been receiving, under present arrangements.

Manifestly, it was necessary to make the lease language as liberal as possible so as to bring about a lease. The price for power and the rental to be charged for the other property may be made as liberal as the President sees fit.

The long-continued disagreement between the Senate and House conferees arose over the language to be used in granting authority to the lessee in the matter of manufacturing or processing by-products incidental to the manufacture of fertilizer. Under the language as now written in the conference report, the lessee is permitted to manufacture, process, and sell, on the Government reservation, all such by-products as are not ingredients of fertilizer, and is also permitted to manufacture and process, but on property outside of the reservation, electrochemicals, or any other product whatever, he chooses to manufacture, and for that purpose is allowed as much as 15 per cent of all the power actually used in fertilizer manufacture, so long as he complies with the quantity stipulations of subdivision "d" of section 25 of this act, and subject to the same conditions, is permitted to purchase as much secondary power as, to the President, appears fair and equitable. The lessee

is given first call on power, both primary and secondary, subject only to the reasonable conditions stated in the report.

HARRY M. WURZBACH,
PERCY E. QUIN,
HUBERT F. FISHER,

Managers on the part of the House.

For the purpose of giving the two Houses opportunity to act upon the measure, I am signing conference report embodying provision for private leasing of nitrate plants for quantity production of fertilizer with Government operating power plants and constructing Cove Creek Dam.

While this is not what I preferred, it is the best that could be obtained in view of the situation which developed in conference. If satisfactory operations are secured under proposed lease authorization, the legislation will be beneficial. Otherwise, it would be unsound and hurtful.

This formula includes in a measure compromise principles propounded by House conferees last December, but it is not consistent with the House plan.

In event the measure should become law, I am hopeful that successful fertilizer production may be started and continued under limitations now proposed or modified as practical experience demonstrates to be necessary.

With successful operation of nitrate plants under lease contract for large-scale fertilizer production, no need will arise for Government to build transmission lines, as most, if not all, the power will be used in nitrate plant operations as originally intended in national defense act under which whole project was constructed.

CARROLL REECE.

Mr. WURZBACH. Mr. Speaker, ladies and gentlemen of the House, although the Members of the House apparently paid very little attention to the reading of the statement in lieu of the conference report, I want to say that the statement is a brief but a correct statement of the issues involved in this legislation.

I may say in the beginning that from the very nature of this subject of the disposition of Muscle Shoals no legislation offered to the House can be in any way perfect. We are satisfied that no legislation could be proposed that would be 100 per cent satisfactory to even 5 per cent of the Members of this House. The legislation is of such a nature that it must be, necessarily, very largely a matter of compromise. Of course, it is very easy to criticize any sort of legislation that might be submitted upon this subject.

I may say, further, that in my opinion, and I have almost lived with this subject for 10 years, no legislation has ever been proposed to the Congress during the last 10 years that is a more satisfactory disposition of this vexatious problem than the one we are submitting to-day. Some of you may think that this is damning the present proposition with faint praise, but I say to you that this is a meritorious bill.

For more than 10 years Congress has been laboring with this proposition, and we have accomplished nothing. This proposition is being submitted to the Congress not as an original one but it has been thrown into its lap for some kind of disposition. The legislation was initiated in 1916, when two-thirds of the present Congress were not Members and had nothing at all to do with the origin of it. We have got to do with it the very best we can. We can continue at the present and for the future to do as we have done in the past, and do nothing at all.

I have heard Members of Congress denounce this legislation as a recognition of the principle of the Government going into business.

I may say in reply that within less than a year past this Congress passed legislation known as the Boulder Dam legislation, which may with much more force and plausibility be denounced as establishing the principle of Government competition with its private citizens than may the present proposed legislation. In the former case this Congress initiated legislation knowing at the very time of its enactment that it meant Government competition with its citizens at least in the business of production of power. In the present

case we have a white elephant on our hands. We are making the best of a bad situation. I was not responsible for the legislation that built Dam No. 2 and the nitrate plants and the expenditure of \$150,000,000. Two-thirds of the Members here now were not responsible for that legislation because we were not then Members of the Congress.

Boulder Dam legislation received the approval of this Congress and Congress knew that by the construction of that dam, power would be produced and sold in competition with private enterprise. Not only did that legislation receive the support of the Congress, but it received executive approval as well, and, therefore, I challenge the statement that a Member supporting this conference report is establishing a precedent such as was one year ago already established in the Boulder Dam legislation.

I want to explain to the membership of the House that although the language of the Senate joint resolution precedes the leasing language of this report, as a matter of fact, the Senate joint resolution providing for the sale or sale and distribution of power, is in the alternative and can only become effective, and can only become operative, if no lease is made; in other words, only after the leasing language of this bill is first tried out and fails to result in a lease being made.

I submit to the House that if a lease is made, practically all if not quite all of the power, primary and secondary, will be used up by the lessee, and there will be no power for sale or sale and distribution; and in that case, the Senate joint resolution will not become operative.

Frankly, I will state that but for the fact I believe the leasing language of this bill is so liberal in its terms that it will mean the execution of a lease and the use of all the power, I would not vote for any legislation that would mean Government competition with its citizens.

And it follows therefore that in order to make the leasing language an effectual barrier against the other provisions of the bill, those contained in the Senate Joint Resolution, becoming effective it would have to be demonstrated that the leasing language is so liberal in its terms that we could safely assume that a lease could probably be made.

I believe in all sincerity that the leasing language is so liberal that a lease could and would be made. Liberal in what respect? I say in every respect. Under this bill the President of the United States is given such practically unlimited and unrestricted power that he may sit across the table from a prospective lessee and negotiate for, and in all probability effectuate, a lease. There is no restriction placed on the Chief Executive except only the quantity stipulations as to fertilizer production. He can provide in the lease that the lessee shall have the power that he needs. No limitation is placed upon the President in the matter of the rental he may charge for the property leased. That is left wholly to the judgment of the President of the United States, and I will say right now—and I believe that gentlemen on the minority will agree—that since the beginning of this Government we have had no occupant of that high office who, because of his past training, experience, integrity, and great business ability, is in a better position to represent the Government in negotiating a lease of this kind. I am glad to trust his judgment. [Applause].

Now it might be said that although the terms as to the price for power and rental may be liberal, that there are other limitations which would prevent the President from making a satisfactory lease, and that brings me to what I consider the most vital matter to be discussed in this proposed legislation.

It was upon the proposition of the latitude that should be given to the President in negotiating a lease as to the right of the lessee in the matter of receiving and using power for the processing of by-products and fertilizer ingredients, that so long prevented an agreement between the House and Senate conferees.

In my opinion, these particular terms contained in subdivision C of section 25 are so liberal that anyone who contemplated going into the business of manufacturing ferti-

lizer would be willing to lease under the terms provided in the bill. For a month the House conferees have contended with the Senate conferees on the question of what language should be written into the leasing portion of this bill so far as the lessees' right of processing is concerned. The House contention was finally sustained by the Senate conferees' acceptance of these very liberal terms. There was no surrender upon our part. We won our contention.

The contention of the Senate conferees at first was that the lessees should only be permitted to have the electric power and the property for the processing of by-products which are not ingredients of fertilizer. We contended that there were other products, ingredients of fertilizers, that ought also to be permitted to be processed under certain conditions. Those ingredients, usable in fertilizer, and the processed products thereof are more important to the lessee than the by-products which are not ingredients of fertilizer.

Under the leasing language of the report the lessee can be given full power and authority without limitation or restriction to use all the power and all the property leased in the processing of these products, not fertilizer ingredients, and can also be given the full power and authority to receive and use a full 15 per cent of all the primary power used in the manufacture of fertilizer, and in addition to that every kilowatt of secondary power.

Now, it should be understood that with the present set-up about 66,000 kilowatts of primary power is being produced at Muscle Shoals Dam, and about an equal additional amount of 65,000 kilowatts of secondary power is also available. And the secondary power is just as valuable for 9 months of the year as the primary power is for the full 12 months. Under the lease language of the conference report the lessee may be permitted to purchase and use all the power he needs for the manufacture of fertilizer and its ingredients and for the processing of all by-products of such manufacture, conditioned only that they are produced on the leased premises; and, further, the lessee is granted an additional 15 per cent of all the power, primary and secondary, used in fertilizer manufacture; and such 15 per cent power the lessee may have and use in any manufacture whatever, but not on the leased premises.

If a lease can not be made under these favorable terms, then the Congress would have the right to assume conclusively, I believe, that the property is not leasable now, nor in the near future, nor ever. And if that conclusion is reached, then Members of Congress might as well face the proposition and make some other disposition of the power. We then must sell the dam, or sell the power. We have to do something in this matter or do nothing at all. It won't do for Members to criticize this provision or that.

We have an opportunity here now. I believe sincerely that if this report is accepted, signed as it is by four of the House conferees and by all of the Senate conferees, that it will be approved by the President. Perhaps not. He may veto this legislation if also passed by the Senate. I can not speak for the President, as some Members apparently undertake to do. I saw in the newspapers two days ago, and heard it rumored in cloak room and corridor, immediately after the report was presented, that the President would veto this legislation. I do not know who, if anyone, had authority to make that statement. I did notice, however, in the Washington Post of this morning that the President had not authorized any such statement.

I understood from that newspaper report that the President stated that he did not even know at that time what the conference report contained. I think the conference report is a fair report and presents a fair proposition for congressional approval. I think it is the best proposed solution of Muscle Shoals that has been presented to Congress since I have been here. As I said a while ago, it is not perfect. No legislation proposed could be perfect, and although we do certainly confer upon a President belonging to our own party, power that might be objected to by Members belonging to the minority party, I as one of the majority party am not ready to say that we are granting too much power to President Hoover. [Applause.]

A great deal has been said by way of objection to this legislation about transmission lines. I opposed that provision myself and I would not vote for this legislation, as I said a while ago, but for the fact that I think that the leasing language as it stands in the way of the transmission lines provided for ever becoming operative. But even if they were to become operative, it is not quite as dangerous as some Members would have you believe. The board that would have the decision of whether or not and the extent to which the transmission lines would be built is appointed by the President, and I do not think that he would appoint a board or that any President would appoint a board that would favor the building of transmission lines unless they were reasonably necessary to do what? Reading from the language of the bill—

To place the board upon a fair basis for making such contracts.

That leaves a wide discretion with the board to determine whether or not the building of transmission lines would be necessary in order to place the board upon a fair basis to make such contracts. And remember that would be only in case there was surplus power. That is, if no lease were made, or if a lease were made and all of the power not used by the lessee, and some small or large surplus of power not used by the lessee, another provision of the bill provides that municipalities shall have the preferential right to build their own transmission lines up to Muscle Shoals to secure the power. That that would be an additional barrier at least against the building of transmission lines by the board and at Government expense. For all of those reasons and for the reasons that I set out at greater length in remarks I made on the floor of the House on January 24 last, I have not the slightest fear that the Norris provisions, or the provisions of Senate joint resolution, will ever become effective; so that the proposition up for your consideration now is, whether or not you are going to make an honest effort to carry out the mandate that was placed on Congress in the basic law of 1916, providing that this power should be used for the manufacture of nitrates for explosives in time of war and nitrates for fertilizers in time of peace. In my opinion this conference report comes nearer to carrying out that mandate and to carrying out the present needs of the American farmer who is suffering from a lack of cheap fertilizer than any bill that has ever been proposed to this Congress at least during the last 10 years. [Applause.]

Mr. RANSLEY. Mr. Speaker, when the Congress adjourned last summer the Senate had voted for Government operation at Muscle Shoals; the House by a goodly majority was for a lease.

A highly important principle is at stake, and if the House agrees to the conference report, it would be a complete retreat or backdown by the House from its position taken some months ago.

The entire set-up has an ominous sound to the taxpayer, with memories of the Government's experiments with railroads and shipping.

Business is opposed to more Government in business.

The Chamber of Commerce of the United States voted overwhelmingly in favor of a recommendation for the lease or sale of the Muscle Shoals project.

You have many thousands interested in great industries. What they fear is not a stoppage in growth but they do fear Government interference. Government operation at the shoals they regard as only a beginning; what next do they ask? Is it railroads?

The bill will become a power proposition after fertilizer fades from the picture. It provides for the construction of transmission lines into two or more States, placing the Government into the retailing of power.

I ask you to remember that at the great Boulder Dam development power is to be sold at the switchboard. Why not at Muscle Shoals?

It is true there is a proviso that the President be given authority to lease the nitrate plants, but under conditions that make it impossible for him to do so. I believe that the

President could not lease under the provisions of this bill. [Applause.]

Mr. Speaker, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Speaker and Members of the House, I have given considerable thought to the many Muscle Shoals proposals which have been with us in every Congress since some time before the World War. Muscle Shoals first came before Congress as a navigation proposition—rivers and harbors proposal—to make that part of the Tennessee River navigable, and that got nowhere. Then came the World War, and Muscle Shoals was tossed right up front as a nitrate possibility. Federal money was poured in. The war ended, and Muscle Shoals was quickly put forward as a fertilizer proposition. Read the old debates. Get something for Muscle Shoals. The debates became progressive as the proposition became progressive, and finally one would have thought that the Muscle Shoals plant would make nitrate for the whole United States. But it can not, and will not be able to make much even with the completion of Dam No. 2 and other proposed additions. Senator NORRIS himself in the Senate in 1928 said in effect that the fertilizer plant could not deliver; that it would take another enormously expensive fixed-nitrogen plant to do it, if I read his statement correctly. But the fertilizer argument is still heard, to fool not only us but the farmers.

The proposition now reduces itself to a power proposition and in this report, in which we see to-day for the first time, the compromise bill, we find that leasing proposal is so hedged about that there are likely to be no bidders.

From what I can learn as to the manner in which the leasing and other paragraphs have been doctored up, this Muscle Shoals bill is worse now than any one which has ever been before any Congress heretofore. Worse for the United States Government; worse for the two States which are supposed to be the principal beneficiaries; certain to make enormous future demands on the United States Treasury because of extended Federal power lines. If the plant can not pay the bill, no matter; the Federal Government will have to, and the Appropriations Committee will not be able to sit on the lid, even if it wants. To make good the promises to the farmers the Government will have to build another great plant there before long. It has been an annoyance and a nuisance. It will now be a greater annoyance and a greater expense to the Federal Government than ever before.

Public ownership of power lines and plants by States, counties, and cities is one thing; Government ownership is quite another. We should not confuse the two.

The Southern States themselves, in States as far away as Arkansas, will be asking, sooner or later, for the benefits of extended power lines, and there is practically no limit on what the United States board may spend. Power lines are to be built by the Government and can be extended anywhere. If the profits above the 5 per cent of gross income, which is guaranteed to two States, does not provide enough, then Uncle Sam must foot the bill. I doubt if the 5 per cent will be as much as some people think, at least not for many, many years, and Alabama is already in the Supreme Court trying to get money through tax money already lost on what Muscle Shoals has already done.

Finally, in my opinion, this bill is the last word in stepping over into the rights of States, the Southern States to the contrary notwithstanding. Boulder Dam went pretty far, but that proposal could not pass until it carried a "pay-back-to-the-Government" clause. Where does the United States get off on this new scheme? Not even 50-50, as in the established Federal-aid plans.

Every Member of this House knows there is right now danger of our great Federal Government getting a little out of bounds. You see the signs everywhere of more Federal Government, and more of a kind of Federal Government that none of us dreamed possible even 10 years ago. Right and left we denounce bureaucracy, and then we beg for a little bit more of it. Let us look into the "bureau" part of it a minute.

There is to be a board of directors of the "Muscle Shoals Corporation of the United States"—that is its full official

title—and they are to be paid at the rate of \$50 for not to exceed 150 days the first year. That is \$7,500 a year apiece. But subparagraph (b) of section 3 says:

(b) The general manager shall appoint, with the advice and consent of the board, two assistant managers who shall be responsible to him, and through him, to the board. * * *

And subparagraph (c) says:

(c) The combined salaries of the general manager and the assistant managers shall not exceed the sum of \$50,000 per annum, to be apportioned and fixed by the board.

How they will cut up the \$50,000, I do not know. That may mean \$20,000 annually for the boss director, and \$15,000 each for the other two, or it may mean that each will receive \$16,666.66 per year for his effort to make the Government successful as it goes into business. That is little enough for what they have got to do. They have got to be some men. I do not know whether their appointments will have to be confirmed in open session by the body at the other end of the Capitol, but I think they do, and may Heaven help us if that is so. The more ability they have along the lines demanded in this bill, the more trouble there will be in confirming their appointments. Because subsection (h) of section 2 says:

(h) All members of the board shall be persons that profess a belief in the feasibility and wisdom, having in view the national defense and the encouragement of interstate commerce, of producing fixed nitrogen under this act of such kinds and at such prices as to induce the reasonable expectation that the farmers will buy said products, and that by reason thereof the corporation may be a self-sustaining and continuing success.

They have got to do more than Alexander Legge will be able to do. Old King Canute tried to stop the tides but without much success.

And the next section provides that—

One of the assistant managers shall be a man possessed of knowledge, training, and experience to render him competent and expert in the production of fixed nitrogen.

The other assistant manager shall be a man trained and experienced in the field of production and distribution of hydroelectric power.

The general manager may at any time for cause, remove any assistant manager, and appoint his successor as above provided. He shall immediately thereafter make a report of such action to the board, giving in detail the reason therefor. He shall employ, with the approval of the board, all other agents, clerks, attorneys, employees, and laborers.

Note that the attorneys come in between the clerks and employees, but the salaries will be different. No matter, Uncle Sam will foot the bill.

If the other legislative body has to confirm appointment of the expert in the production of fixed nitrogen, it might be well to start now for an amendment to give us two Senates of the United States, for with this starter we are to have more of it.

Mr. Speaker, this is not Muscle Shoals alone. It is an issue that is coming along like creeping paralysis on old Uncle Sam. My colleagues, do not be afraid to meet the real issue. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Washington has expired.

Mr. RANSLEY. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, if this report is adopted to-day, and this bill eventually becomes law, I do not think the United States can ever again object to other countries becoming socialistic. To my mind this is the nearest approach to a socialistic doctrine that has ever been advanced in Congress.

We have expended already at Muscle Shoals \$125,000,000, and we are now asked to expend at least \$50,000,000 more on the Cove Creek Dam proposition; and, in addition to that, to build transmission lines and to set up a governmental corporation, the directors of which are to be appointed by the President of the United States for the purpose of carrying on that business. It is true that the suggestion of a lease is made, and the advocates of the legislation say that the lease will be taken up.

Our good friend from Texas [Mr. WURZBACH] says that the leasing is all that will ever be done; that it will never come back onto the Government to be operated in accord-

ance with the conditions offered in the Norris resolution. In that I differ very materially from the gentleman from Texas. The lease can not look interesting to any business corporation, as I see it. We are told there is available in the Southeastern section of our country three times as much electrical energy as is now in use. Therefore, why should any corporation come forward and say, "We will take this off the hands of the Government"?

To my mind that is a smoke screen and nothing else; an effort to fool the people into thinking there is likelihood of a lease being made, when back of it all there is really a plan to set the Government up in business. I for one am opposed to that proposition.

We have gone a long way from the original ideas. Our friends from Alabama wanted navigation, but there is no thought of navigation to-day. If there were there would be a proposition here to build Dam No. 3, so-called, because without Dam No. 3 the engineers say there can be no navigation.

The gentleman from Texas said we must "do something." I do not agree with that. I think we had a great deal better do nothing than to do something which is wrong. That is the situation. This dead cat has been put on the doorstep of Congress for nearly 10 years. Let us bury it in the right place.

One of the reasons why I say we should not adopt such a report as this is the fact that the States of Tennessee and Alabama not only get all of these millions of dollars spent in that section of the country but, in addition, each State demands for its support of this legislation, 5 per cent of the gross receipts. There can not be anything more ridiculous. The Government having expended millions of money in their States, why are they not willing to take it over? If the gentleman from Texas wants something done I for one would gladly vote to donate the entire proposition to the benefited States of Alabama and Tennessee rather than pay to them 5 per cent of the gross receipts for the purpose of paying the running expenses of their States. [Applause.]

This resolution, as changed by the conferees, purports to be for the primary purpose of manufacturing nitrates and other products for use as fertilizer bases, fertilizers, and national defense. The resolution, however, provides for placing the Government in the business of distributing electrical energy from Wilson Dam, the steam plant as now constituted, and such other modifications and additions as may be necessary, and provides for the construction of Cove Creek Dam and the distribution of the power therefrom.

Both the hydroelectric and steam power companies of southeastern United States during the period from 1923 to 1928 were selling well under 25 per cent of their productive capacity of electrical energy, and the net increase of sales between 1923 and 1928 was less than 1 per cent per year, which clearly indicates that the existing power companies in this locality will not be able to sell their efficient productive capacity in the next 30 years at the present rate of growth.

From an economic standpoint, it is obvious that the power market, the condition of annual floods, and the price of fertilizer, do not warrant the construction of Cove Creek Dam or the extension of the Muscle Shoals project to meet any public need within the next 30 years.

The cost of Wilson Dam, the steam plant, and the anticipated cost of the projected Cove Creek Dam, are such as will not result in cheap power, and therefore can not possibly result in cheap fertilizers if the project contemplated by the Norris resolution is carried out.

Wilson Dam, the steam plant at nitrate plant No. 2, and the Cove Creek Dam, combined, would produce approximately 225,000 kilowatts of prime power, and would represent an investment of over \$100,000,000. Applying ordinary business principles to an investment of this character, the cost of operation, depreciation, and maintenance costs, together with a reasonable amortization factor, the result would be an annual deficit of at least \$5,000,000 per year, and could not possibly obtain the object of supplying fertilizer at a rate cheaper than the present market, unless Congress by appropriation provides a subsidy to reduce such costs.

At the present time, there is a productive capacity in the United States of 250,000 tons of nitrate; there is a productive capacity of 360,000 tons of ammonia, and by September, 1931, this productive capacity of ammonia will be increased to 504,000 tons per year.

Recent methods developed for oxidation of ammonia have reduced the metal bulk of equipment for producing ammonia to one-thirtieth of that involved in the installations at Muscle Shoals, reducing the cost of such equipment to something like one-eighth of that at Muscle Shoals, and decreasing the cost of production of the ammonia 1 cent per pound.

This progress in the production of nitric acid (the material which is essential to the Government for explosives) reduces the oxidation plants at Muscle Shoals to the value of scrap.

From a purely economic standpoint, considering transportation, adaptation to domestic needs, and trade conditions involving the importation of certain quantities of the same products, under existing conditions the needs of the country are fully met.

The law of economics forbids the total exclusion of articles and materials produced in this country. International trade conditions are such that there must constantly be an exchange of goods. The balance of trade may have to be met with money or credits, but ultimate result is an exchange of goods for goods.

The ostensible purpose of Senate Joint Resolution No. 49, otherwise sometimes known as the Norris resolution, is to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama. It is interesting to note that practically all proposed legislation relating to the Muscle Shoals project bears the "national-defense" label. It is indeed the hall marks of constitutional authority. However, the measure is not necessarily an aid to the national defense merely because it is so designated in its preamble and in various portions of its text, and a reading of Senate Joint Resolution No. 49 will make it clear to any thinking man that the measure is not in fact related to the national defense. It is true that the Muscle Shoals project was conceived and constructed for the national defense, the nitrate plants were erected to assure an adequate supply of this vital commodity at a time when our industries were compelled to rely upon imports of Chile saltpeter for their nitrogen supply. These nitrate plants are now obsolete, and there are available to the Government in case of war abundant sources of supply of fixed nitrogen entirely apart from the plants at Muscle Shoals. The Muscle Shoals project is now useless to the Government so far as munition purposes are concerned. Wilson Dam, with its hydroelectric power plant, was constructed as a war measure under the authority of section 124 of the national defense act. The purpose of this construction was to furnish hydroelectric power for the operation of the nitrate plants at Muscle Shoals. In view of the situation above outlined, the Wilson Dam is no longer a factor in our national defense.

Other objects found in the text of the proposed resolution are that it is an aid to navigation and flood control. These are also hall marks of constitutional authority under the interstate commerce clause. However, so far as flood control is concerned, the necessity for Government operations to that end in the Tennessee River Valley is well known to be negligible. At the most, flood control can be said to be but a minor purpose of the proposed legislation. To consider that the purpose of the proposed measure is to provide an aid for navigation is little short of an absurdity. This is, of course, but a moot question so far as the Wilson Dam is concerned, as that dam is already in existence. That that dam constitutes an aid to navigation can not be denied, but in order to make the Muscle Shoals navigable to river traffic another dam would have to be constructed approximately 15 miles upstream therefrom, at a site where the Army engineers have proposed the erection of a dam to be known as Dam No. 3. However, the resolution under discussion contains no mention of such a project.

The construction of Cove Creek Dam on the Clinch River would have no effect upon navigation over Muscle Shoals.

This projected dam, the erection of which by the Government is proposed in the resolution, is a storage dam pure and simple. Its purpose is power development and nothing else. Its construction would approximately double the primary power at the Wilson Dam.

All of these considerations clearly show that the proposed measure is not to provide for the national defense, is not to furnish an aid to navigation, and can not sensibly be taken as a flood-control project. On the other hand, it is clear that the effect of the resolution, if enacted into law, would be to launch the Government in the power business in direct competition with privately and State owned power developments in the Tennessee River Valley. There are projected developments of the Tennessee River and its tributaries costing hundreds of millions of dollars for the production of hydroelectric power to the amount of approximately 3,000,000 kilowatts, and if the Federal Government enters into competition therewith, it may well with its unlimited financial resources drive these weaker groups entirely out of business by the mere force of economic pressure. That the Government has a clear right to operate the Wilson Dam for its own purposes and to place on the market for sale the surplus power therefrom, as it is now doing, is to be conceded. To lease its nitrate plants to private industry for the manufacture of fertilizer bases, and so forth, is also, if practicable, a laudable purpose. But the program of power development and operation by the Government set forth in the proposed resolution furnishes an entirely different picture, one in fact that I can find no excuse for in the category of the legitimate functions of the Federal Government. It should be clear to any reasonable mind that such a proposition is not a proper Government function and is outside of the power delegated to the Federal Government by the Constitution, by implication, or otherwise.

Another feature of Senate Joint Resolution 49 that is clearly without constitutional authority is the attempt to tax the Federal Government in behalf of the States of Alabama and Tennessee. It is so well settled as to be beyond argument that the States have no power, by taxation or otherwise, to retard, impede, burden, or in any manner control the operations of the constitutional laws enacted by Congress to carry into execution the powers vested in the General Government. In the famous case *McCulloch v. Maryland* (4 Wheat. 316) the court aptly remarked that a State has no power to tax an agency of the Federal Government, for "the power to tax involves the power to destroy." This is an implied restriction of State powers but is nevertheless as effectual as any expressed restriction could be. This construction of the Constitution's meaning has been followed in a long line of decisions by the United States Supreme Court.

A late case upon the subject is that of the *Panhandle Oil Co. v. Knox* (277 U. S. 218). In that case the court in its opinion states:

The States may not burden or interfere with the exertion of national power or make it a source of revenue or take the funds raised or tax the means used for the performance of Federal functions.

It is clear from these decisions that the proposition of paying the States of Alabama and Tennessee a tax upon power sales of the Government is repugnant to the Constitution. It is also clear that the tax provisions in question are not *ex gratia* in character, but are inserted in the resolution to meet the demands of the States in question. However, whether or not this be true, the Congress, which must function under the authority of the Constitution, has no more power to accede to such demands or to voluntarily burden the Government with such a tax than it has to dissolve the Union.

The major purpose of the measure being unconstitutional, and there being specific provisions in its text which also violate the Constitution, it is the duty of the Congress, as well as of the Chief Executive, to prevent the measure from being enacted into law. This duty exists even though the unconstitutionality of the resolution is only suspected and not conclusively revealed. Probably no more informative discourse on this point can be found than former President Taft's message to Congress of February 28, 1913, disapproving as un-

constitutional the Webb-Kenyon bill in regulation of interstate shipments of intoxicating liquors. The views of this eminent jurist upon this question may be quoted from his message, as follows:

But it is said that this is a question with which the Executive or Members of Congress should not burden themselves to consider or decide. It is said that it should be left to the Supreme Court to say whether this proposed act violates the Constitution. I dissent utterly from this proposition. The oath which the Chief Executive takes, and which each Member of Congress takes, does not bind him any less sacredly to observe the Constitution than the oaths which the justices of the Supreme Court take. It is questionable whether the doubtful constitutionality of a bill ought not to furnish a greater reason for voting against the bill, or vetoing it, than for the court to hold it to be invalid. The court will only declare a law invalid where its unconstitutionality is clear, while the lawmaker may very well hesitate to vote for a bill if of doubtful constitutionality, because of the wisdom of keeping clearly within the fundamental law. The custom of legislators and executives having any legislative functions to remit to the courts entire and ultimate responsibility as to the constitutionality of the measures which they take part in passing is an abuse which tends to put the court constantly in opposition to the legislature and Executive, and, indeed, to the popular supporters of unconstitutional laws. If, however, the legislators and the executives had attempted to do their duty, this burden of popular disapproval would have been lifted from the courts, or at least considerably lessened.

In the light of these considerations, it seems manifest that Senate Joint Resolution No. 49 should not be passed.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

Mr. RANSLEY. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. Wood].

Mr. WOOD. Mr. Speaker, ladies and gentlemen of the House, foregoing the principle that is involved in this proposition, which is contrary to the fundamentals of our Government, and considering it solely upon its merits, this thing should be defeated. As has already been mentioned by the gentleman from Massachusetts [Mr. Treadway], there is a proposal contained in this report to pay 5 per cent, not of the net receipts but of the gross receipts to Alabama and Tennessee. Five per cent of the gross receipts from all the power that is generated at Dam No. 2 is to go to Alabama and 5 per cent of all the power that is generated at Cove Creek Dam is to go to the State of Tennessee. Why should we be paying them anything? They are not investing a dollar in this proposition, while from first to last the Government will have invested in this proposition \$240,000,000 or \$250,000,000. What has Tennessee invested in it? What has Alabama invested in it? Nothing. The only excuse they can offer for this is that there is to be some land taken in the construction of these dams, and the aggregate cost of that land, at the highest possible figure, would not exceed half a million dollars. Can they not forego a half million dollars, the price of their land, if the United States is going to expend \$240,000,000? Tennessee and Alabama are the only interests that are bound to win and the Government is bound to lose.

It was not so long ago that a German syndicate came over here to make a survey of this proposition when they found we were trying to get rid of this elephant. I suspect there is nobody in this world that knows more about the manufacture of fertilizer and the manufacture of ammunition than the Germans. After they had made a careful survey they went back and reported to those who sent them over here that they could not afford to take it even if they were given a lease for nothing. That being so, how can anybody say it is possible for the Government of the United States to operate this thing at a profit, when we all know that the Government in business means a loss rather than a profit. To my mind this thing of itself should forever damn it.

I wish to commend the gentlemen from Tennessee and the gentlemen from Alabama for their foresight in getting this thing for they are bound to win and have nothing to lose. On the same basis the United States Government is bound to lose. There is not a possibility of the Government conducting this property at a profit.

So I hope this Congress, in justice to the taxpayers of the United States—and we had better be looking after them a little—will vote down this proposition. It would be infi-

nitely better if we should place a magazine of powder under this thing and blow it to heaven, or some other place, rather than to expend more money and take upon ourselves a proposition the cost of which no man can this day estimate. [Applause.]

Mr. WURZBACH. Mr. Speaker, I yield two minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Speaker and gentlemen of the House, I shall only address myself to the point raised by the distinguished gentleman from Indiana. I am surprised that a man of the sagacity and legislative experience of the gentleman from Indiana [Mr. WOOL] would commit the error of criticizing Tennessee and Alabama with respect to the 5 per cent of the gross receipts provision in this bill.

Anyone who knows anything at all about the proposition can well realize the justice and the justification for this provision. The Cove Creek Dam is situated in my congressional district and I know something about it personally. The construction of this dam will inundate 54,000 acres of land and will therefore destroy approximately one-half million dollars' worth of taxable value in Tennessee, and for that reason, of course, the State is entitled to this consideration. As a matter of fact, the 5 per cent provision will not begin to compensate Tennessee for this taxable value loss.

Mr. BACON. Will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. BACON. Will the States of Alabama and Tennessee take the whole thing as a gift? It would be cheaper to the Federal Government if they did.

Mr. TAYLOR of Tennessee. I will say to the gentleman that I personally know that a number of concerns have been endeavoring to secure permits to develop water power on the Tennessee River, both in Tennessee and Alabama, and have been denied such permits by the Federal Power Commission.

Mr. JAMES of Michigan. Will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. JAMES of Michigan. The 5 per cent that is to be paid to Alabama and Tennessee does not apply if the President makes a lease.

Mr. TAYLOR of Tennessee. Certainly not.

Mr. BYRNS. And I may say to the gentleman that the gentleman from Indiana [Mr. WOOL] wholly overlooked the advantage to the United States in the benefits that accrue to navigation and flood control by the erection of Cove Creek Dam.

Mr. TAYLOR of Tennessee. Absolutely; and, especially, flood control.

Mr. RANSLEY. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Speaker, before I came to Congress some 10 years ago, I had thought that the salvation of this country depended upon the men of the South who, by their own admission, were disciples of Thomas Jefferson and stood solidly behind the principles enunciated by that great statesman. I had so expressed myself publicly on various occasions, even in New England, where that doctrine was not particularly well thought of.

I find I have been mistaken, and that the only consistent follower of Thomas Jefferson from the South during my service has been that great statesman, Finis Garrett. Finis Garrett, to my mind, typified my ideal of statesmanship more than any man with whom I have served during the last decade, and Finis Garrett would never have supported this proposition, and he did not support it while he was a Member of this House. [Applause.]

Mr. Speaker, the Jeffersonian Democrats from south of the Mason and Dixon line have crucified their patron saint and his principles upon a cross of gold. They have sold the heritage for which their forefathers shed their precious blood for a mess of pottage for patronage, for the sake of something out of the Public Treasury.

I want to ask ST. GEORGE TUCKER what his father would have done when he was in Congress. I want to ask CHARLIE CRISP what his father would have done when he was in Congress. I want to ask FRITZ LANHAM what his father would have done when he was in Congress; I want to ask

BILLY BANKHEAD what his father would have done in the Congress if this proposition had come before him.

Mr. BANKHEAD. Will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. BANKHEAD. My father, since he has been brought into this discussion, if he were here, in my opinion would support the conference report, and if I were permitted, I could give many reasons.

Mr. UNDERHILL. The gentleman is better qualified to speak for his father than I am, but his father's principles, as enunciated by him during his honorable and valuable service in the House and Senate, were absolutely against such a policy as this.

Now, Mr. Speaker, it seems to me it is too bad when you men who are in a position to hold this heritage for which your fathers not only shed their precious blood but for which your fathers gave up every material possession of value, to force on the Federal Government one of the greatest assets that one of the greatest States potentially in this Union has in its possession. You do not know what you are doing. You are working against the interests of your own people and against the interests of those who have invested money in private enterprise of the same character in Alabama. You are duplicating their efforts at the expense of the Federal Government. And why? Simply because it is paid for by somebody else. The danger that is facing our Republic to-day is that your States and the smaller States of the Union are advocating to-day bureaucracy and Federal activities instead of State activities for which your fathers fought, bled, and died. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from New Jersey [Mr. FORT].

Mr. FORT. Mr. Speaker and Members of the House, this bill falls into that type of which we have entirely too many—what may, perhaps, be called symbolic legislation. The title "Muscle Shoals" has come to have in the public mind the meaning of a hazy and indefinite problem. Many Members of this House instead of discussing it as a problem are moved to vote for the legislation because of its name and with little or no examination of its merits. Unfortunately, this happens too often on questions to which a name has become attached in the public mind. The name becomes a symbol to the people, who know nothing of the details or provisions of the particular bill.

On symbolic legislation, such as this, we should think, therefore, rather seriously as to what it symbolizes as well as about its legislative form.

Of what then is this bill a symbol? In the form in which it is reported to this House by the conferees this bill symbolizes and purposes just one thing, and that is the entrance by the Government of the United States into what heretofore has been private business. Let us look at its provisions for a moment to see whether this is so.

Section 14 of the bill declares it "to be the policy of the Government of the United States to utilize the Muscle Shoals properties for the fixation of nitrogen for agricultural purposes in time of peace." That is the declared policy of the bill.

In order that that policy may be carried out we are conferring on a board of three directors, which the bill creates, wider and greater powers than I have ever seen conferred on any board under any bill since I have been a Member of this House.

We are conferring on the board by section 5 (b) the power to contract with other producers for the purchase of fertilizer. We are conferring upon the board by section 5 (e) the power to modernize the plant at Muscle Shoals. Recognizing that the plant which we now have there is worthless for carrying out the provisions of section 14, we give the board power to rebuild the entire plant.

By section 5 (g) we also authorize the board in its discretion to make any alterations, modifications, or improvements it may see fit to make. All of these provisions, of course, are directly for the purpose of putting the Government into the fertilizer business.

Then we are adding to the mere entrance into business provisions which permit an unfair competition in that business. We are conferring upon the Government of the United States the power to use any patent. We give the patentee no right of contract for royalty for his patents but force him to bring a suit to recover "reasonable compensation." Other manufacturers of fertilizer may spend millions in developing a process for their own use and the Government of the United States reserves the right to step in and take any such process at a price to be fixed, not by contract as must be the case with any other manufacturer of fertilizer who wishes to use the patent but for a price which the courts may fix. We are thus loading upon the fertilizer industry an unfair competition in business from their own Government.

Now, what powers are we giving this board? Look at the bill. We give them an unlimited power of eminent domain to take real estate. We give them an unlimited power to buy any personal property which they may think is necessary for the conduct of the business. We give them unlimited power to buy fertilizer or fertilizer ingredients absolutely without limit. If we have ever given such powers in any other piece of legislation, I am not aware of it.

What else do we do? We are conceding the right of States to tax the Federal Government. I once introduced a resolution for a general study of the question as to whether we should not permit the taxation of property used by the Government for nongovernmental purposes. That we are not doing here. We should perhaps do it in order that the Government may be on a fair competitive basis with private business, but we are here conceding the right of the States to tax the gross proceeds gained by the Government from the sale of power—permitting a State to levy a tax upon the gross, not the net, income of the Government.

Now, look at the provision in respect to the board which will run all of this. It will be found on page 5549 of the RECORD. The qualifications are entirely new. You and I can sit here merely by virtue of an oath to preserve and defend the Constitution of the United States, but you could not serve on this board of directors on any such oath—nor, indeed, need you take it. Let me read the qualification to you:

All members of the board shall be persons that profess a belief in the feasibility and wisdom, having in view the national defense and the encouragement of interstate commerce, of producing fixed nitrogen under this act of such kinds and at such prices as to induce the reasonable expectation that the farmers will buy said products, and that by reason thereof the corporation may be a self-sustaining and continuing success.

[Laughter.]

Those are the qualifications for membership on the board. A man must profess that, and I say to the gentlemen of this House in all solemnity that nobody will profess it who is neither a liar nor a socialist. Unless you believe in Government operation of business, you can not qualify for membership in the board. Not only that but you can not qualify unless you are willing to stultify yourself by asserting a belief that it will prove a self-sustaining and continuing success. There is not a man in this House who believes it will ever be a self-sustaining success. The Constitution prohibits any religious test as a qualification for public office. But apparently, those with whom socialism is a religion and the Government in business a creed will allow no scoffing disbeliever to serve in their sacred shrine. No business knowledge or experience needed—only faith in the sublime virtue of socialistic experiment. And to this board whose sole qualification is a belief in the Government operation of business, we are going to give broader powers than we ever gave to any board in the history of this Nation. And we are going to pay them only \$50 a day, and they can not work more than 150 days the first year or 100 days the next.

To this board to whom we are going to pay \$7,500 a year for the first year and \$5,000 a year thereafter we are turning over the operation and control of this vast project which before it is completed will have cost the Government of the United States over \$120,000,000. And their sole

qualification is a belief in government in business. Of course, on top of the \$120,000,000 original investment, there will be all these other countless powers to contract, without waiting for appropriations from Congress, in an unlimited way for anything that they, these learned professors, think will carry out the policy of the act. And if they do, we protect any man who enters into a contract with them by making the corporation liable to be sued either in the Court of Claims or in the other courts of the United States. If you pass this bill, you give up control, gentlemen of the Committee on Appropriations, and of the House, of how much this thing is going to cost. You give it up to a board of three men who may contract what they please.

The gentleman from Texas [Mr. WURZBACH] has attempted to justify this legislation by virtue of the Boulder Dam precedent. If we pass this bill somebody will be here within another year or two justifying yet further incursion into the realm of legitimate business by virtue of this precedent. A vicious precedent is a major catastrophe to the Government of the United States. The only way to prevent a vicious precedent is to avoid its creation. [Applause.]

Mr. WURZBACH. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. DAVENPORT].

Mr. DAVENPORT. Mr. Speaker and Members of the House, although I lean toward the passage of this bill, I am not an exuberant defender of certain provisions in it. It is true, as the gentleman from New Jersey [Mr. FORT] has just stated, that this bill has unfortunately become a political symbol. That happens sometimes when you have to do something about it, and it is a condition, and not a theory, as I see it, that confronts us.

This bill has been in the making for a long time, but during the later years, since it has become a political symbol, it has received less constructive attention, so it seems to me, than so great a problem deserves. There are rules and principles embodied in the bill which seem to me sound. There are features of it, however, which might with good advantage to the project and to the country be given more constructive attention, particularly by the board of directors of the project provided for in the bill.

The question of the economical manufacture of nitrates and fertilizers at Muscle Shoals has become a mooted one. There is a pretty widespread belief that the production of nitrates by chemistry rather than by the large use of electrical energy is much the more economical. This bill leaves the question open for 12 months to the adventure within the existing plants at Muscle Shoals of some daring producer who is willing to experiment, with the 50 per cent leeway of power in other fields, and perhaps throw light upon this mooted problem. If he is successful, then the original purpose of this project is conserved. If he is not successful, then the way is open for the use of electrical energy at Muscle Shoals for the industries and the domestic users of the region. The demonstrated superior economies of the chemical production of nitrates will make impossible the absurd exercise of the unusual powers in the bill over fertilizer production at Muscle Shoals. Perhaps this is, on the whole, a fair disposition of so controverted a matter.

Another valuable point in the agreement which has been arrived at is Government operation of the plant at the switchboard. This solution, so far as the mere operation of the power station is concerned, seems to have the right of way at Boulder Dam, on the St. Lawrence, and now at Muscle Shoals. There is nothing essentially uneconomic or unsound about this proposal, so it seems to me. At Muscle Shoals the Government of the United States is already there, is selling some electrical energy already through Federal engineers who are thoroughly capable men.

The business of operating a power station has become a simple, almost automatic operation. Furthermore, if a public authority is in a position to contract directly with the distributing agent at the switchboard, the control of rates in the interest of the consumer by contractual agreement at the switchboard is at least somewhat easier than it would be if a private corporation were licensed to operate the plant.

There is less possibility of litigation if a public authority may shut off the power if the terms of contractual agreement are not lived up to. At least the strong arm of contractual agreement operates more intimately upon private distributing systems acting as a sales agency for public power. The Federal Power Commission in this bill is given authority to determine reasonable rates, but I question seriously whether this authority alone is sufficient protection to accomplish the intended policy of the bill. The Federal Power Commission ought to be vested with the authority to establish whatever rules and regulations it finds necessary to determine reasonable charges. No such power is conferred by the present bill and no such power would seem to flow from the Federal water power act, because the regulatory and investigatory power of the commission under that act is limited to power projects licensed thereunder. The Federal Power Commission, without the help of strong contractual provisions, is left to determine reasonable charges by reference to valuations and returns under ordinary rules of law, reproduction cost, and similar handicaps. Under its own statute the Federal Power Commission exercises a very considerable power to control costs and valuations and returns. Whether this power may be carried over into other fields in which the Federal Power Commission is given jurisdiction is, I would think, at least doubtful. Therefore the opportunity to employ to the limit the principle of contractual agreement at the switchboard is of importance. That opportunity this bill provides.

There are two matters which I do not find thoroughly inquired into and worked out in the terms of this bill. In section 11 the board of directors is expressly authorized either from appropriations made by Congress or from funds secured from the sale of power to construct or authorize the construction of transmission lines within transmission distance in any direction from Dam No. 2. If there is any principle clearly determined in the field of the production of electrical energy, it is that the paralleling of existing transmission lines is economically wasteful and adds a heavy burden to the cost of electrical energy to the consumer. This would not apply, of course, to the building of short transmission lines for industries near the site, nor perhaps for consumers generally within a limited area; but no public authority should go into the business of paralleling existing distributing systems "within transmission distance in any direction" without the most searching inquiry into the cost of it and the effect of it upon the price of power to the consumer.

The policy of this bill is to distribute the surplus power generated at Muscle Shoals equitably among the States within transmission distance of Muscle Shoals. There is a very important and serious distinction between possible physical transmission distance from Muscle Shoals and economical transmission distance. It has been recently found in the study of the similar problem on the St. Lawrence River that the duplication of existing transmission lines would require an expenditure that would render the project of no advantage whatever to domestic consumers of power, to whom that project is particularly dedicated and to whom the surplus power at Muscle Shoals is also particularly dedicated by this act. The sound method, either on the St. Lawrence or at Muscle Shoals, is to contract if possible with existing utility systems under an agreed-upon formula of control. The board at Muscle Shoals should seek to negotiate with the utility companies a contract for the transmission and distribution of the power, which contract by its terms will insure among other things the payment of all operating expenses of the power plant, the interest, amortization and reserve charges, rates to consumers which will insure them the benefit of the ownership, control, and operation of the plant by a public authority, full and complete disclosure to the public authority of all factors of cost in transmission and distribution of the power, so that rates to consumers may be fixed initially in the contract and may be adjusted from time to time, on the basis of true cost data, that rates fixed in the contract shall be contractual in their legal nature, not subject to the usual rate litigation, and that such proposed terms shall be published in

advance, and shall not be valid without the approval of the President of the United States.

In the event of inability of the board under this act to make such a contract, they, of course, should have authority to make other disposition of the power, as they do under this act. If the existing utilities are not willing to play fair, are not willing to act as a sales agency of the project for a fair return, then other steps may be taken. It would be well if these principles were more clearly defined in the bill itself. I recognize that we have come now to a place where amendment is impracticable owing to the probable intent of Congress to put this plan into operation and therefore to refuse to take other risks of amendment at this session. But it will be well for the board under this bill to remember before transmission lines are built or plans settled for marketing the surplus power that there should be on the part of the board an engineering and marketing inquiry entered upon in the region about Muscle Shoals, of far greater thoroughness than has yet been made. It should be especially determined how large the industrial use is likely to be at the site, or at Birmingham or Chattanooga or Nashville or Memphis within reasonable transmission distance of the plant.

I point this out because in the use of a great new block of electrical energy such as that at Muscle Shoals or on the St. Lawrence, or wherever there is a continuous flow of firm or primary power, what is known as the load factor is of chief consequence in determining whether the use of this new power is or is not to be an economic success. By the load factor I mean at Muscle Shoals the economical use of eighty to one hundred thousand, 24-hour, firm or primary horsepower which is ever rushing on its way to the sea. It is necessary to use a considerable portion of this primary power 24 hours a day or as nearly so as possible in order to make the project really useful and of so low a cost as to be to the advantage of the domestic consumer, who should be primarily considered in a great public project of this character and is so considered in the surplus power provisions of this bill. This means, in order to get low-cost power for the domestic consumer within economic transmission distance, that either at the site or in important industrial centers along existing transmission lines, there must be a lot of approximately 24-hour power sold and arranged for in the marketing of the power, to electrometallurgical, electrochemical industries, or the like, or else the remainder of the current for domestic purposes can not be sold at all in competition with the steam-produced electrical energy of existing utilities whose lines are already built.

It seems to me that these questions are not sufficiently considered in the terms of the bill. They should be considered as primary matters by the board of directors who should not proceed with the marketing of surplus power until a thorough inquiry by experts in the marketing and transmission field is made for the Government of the United States.

The value of the bill is that it has settled wisely some principles of importance, that the President of the United States and the board of directors of the project can control provisions which now give concern, and that the passing of the measure will lift a political millstone from the neck of the American Congress. [Applause.]

Mr. WURZBACH. Mr. Speaker, I yield five minutes to the gentleman from Tennessee [Mr. FISHER].

Mr. FISHER. Mr. Speaker, I was much interested to hear the gentleman from Massachusetts [Mr. UNDERHILL] calling for the memory of grandfathers and fathers of former Members of the Congress, stating they would be shocked at the thought of the passage of this bill. I wonder if he thought Grover Cleveland would have had serious resentment at the thought of taking over the Cape Cod Canal, which was so near his summer home. [Applause.]

Then I remember another Massachusetts gentlemen, who was Secretary of War, Mr. Weeks, who came before the Committee on Military Affairs when I was a first-year member of that committee and was ready to turn Muscle Shoals and all the Tennessee River projects for dams over to Henry Ford without a real guaranty for fertilizer.

I wonder what the present Member from Massachusetts thinks of the socialism of that Secretary of War who wanted to have Muscle Shoals operated under the national defense act so that nitrates could be made into fertilizer in peace times and we might always have nitrate production in plants that were ready to be turned over to war purposes when needed.

Now, we hear sneers that it is an obsolete plant. I challenge any Member to-day to show where there is a cyanamide plant not being operated, even in Germany, where there is an excess of nitrates made by the synthetic process. Our own experts, men who have investigated the plant down there, say that the plant could be taken over and in 60 days could be operated for the benefit of the farmers of our country.

So much has been said on this floor about relief measures. We can not have permanent relief by voting forty or fifty million dollars, but we can relieve the farmers who are suffering by selling them cheap fertilizer which can be distributed to them all through the sections that are now drought areas, which will enable them to take care of themselves and not be dependent upon the Government. It would mean food for themselves, because they would have cheap fertilizer with which to produce the food which they needed for their families as well as feed for their cattle.

I was amazed at the suggestion made of the great expense in the development of Cove Creek. I have not heard the gentleman from New Jersey [Mr. FORT] protest against a canal going across New Jersey, passing through thickly populated sections, a canal which will cost millions of dollars.

The Government came into the property at Muscle Shoals and has built Wilson Dam. That dam gives about 80,000 primary horsepower. If they build Cove Creek Dam that will double the capacity and increase the value of Wilson Dam. Just think of the royalties there will go to the Government and will pay for a great part of the expenditures they may have. The building of Cove Creek Dam and that string of dams below it south will create industrial centers all through east Tennessee.

I was surprised to think that our progressive Representative from New Jersey [Mr. FORT], who is very intimate with the Executive, would have forgotten what the Executive said in Louisville and in Cincinnati about the need of development of our rivers. Congress has voted \$5,000,000 for the development of the Tennessee River, and it is absolutely essential, if we are going to have 9 feet of water in the Tennessee River, to have the reservoir at Cove Creek. Cove Creek is not only of value as a reservoir for flood control and for the power it gives, but it is also valuable because there is storage there that will keep the barges on the river with the 9-foot depth. The barges can go from Knoxville down to the Ohio River and down to New Orleans. How could anybody object to so wonderful a development?

After many years of careful study of the plans which have been proposed to solve the problems of Muscle Shoals development, I believe that the conference report before the House to-day, if adopted, will bring about the best solution ever heretofore offered. It offers a liberal and constructive plan of development.

There will be quantity production of fixed nitrogen in an active giant plant No. 2, which has been idle for 12 years. Major Poyet, who has been in charge of the nitrate plants at Muscle Shoals, stated in a hearing before the Military Affairs Committee of the House in March, 1930, that if approximately \$100,000 was spent on plant No. 2, in 60 days it would be ready for operation. If operated at full capacity there would be produced 2,500,000 tons of mixed fertilizers with the 40,000 tons of fixed nitrogen as a principal ingredient. Mr. Bell, president of the American Cyanamid Co., at the same hearing said the cyanamide process was the most economical to operate at Muscle Shoals because of the available power and natural resources near by. He further stated that the fertilizers made at cyanamide plants are able to meet favorably the competition throughout the world of other processes.

The President of the United States is given authority to lease the nitrate plants for fertilizer manufacture. This authority is for 12 months. If no lease is executed within that period and if he desired to make the lease provisions even more liberal, he could communicate with the Congress from December until March.

The stipulations required in the lease for the manufacture of fertilizers are better than in any previous plan offered to the Congress. It provides that there must be produced each year an amount prescribed by the board regardless of market demands; that within three years and six months, fertilizers or fertilizer ingredients containing not less than 10,000 tons of fixed nitrogen must be produced. A periodic increase is to be made in quantity as the fertilizer market demands may reasonably require. Within 12 years the increases shall reach the maximum production capacity if the reasonable demands of the market shall justify this increase. If there is in storage 2,500 tons of fixed nitrogen—representing more than \$1,000,000—or fertilizer ingredients containing that amount of fixed nitrogen, the lessee is not required to continue the increases.

The method of annually figuring the costs with a limitation of 8 per cent profit is the same paragraph that was in the House bill. There is required an annual determination of the cost of the fertilizer and fertilizer ingredients. This is brought about by a production engineer representing the board, and another representing the lessee. If there is a disagreement the two engineers will select a third engineer who will hear and consider the contentions and decide the issues. A copy of the audit and decision is to be filed each year with the board.

The Senate joint resolution declared a policy of Government distribution of surplus power generated equitably among the States, counties, and municipalities within transmission distance. In the operation of the cyanamide plant No. 2 at full capacity there is need of 280,000 horsepower. The primary power at Wilson Dam is about 80,000 horsepower. There is the steam plant at Muscle Shoals with a capacity of 80,000 horsepower. When the Cove Creek Dam is constructed, it will increase the primary power at Wilson Dam, but it is not believed that with this increase to Wilson Dam to 160,000 horsepower there will be any surplus power to distribute.

If the lessee in the manufacturing of fertilizer uses up the greater part of the power, leaving no surplus for distribution, it will be the carrying out of the purpose of the original law. The author of the Senate joint resolution which provides for the distribution of surplus power to the advantage of States, counties, and municipalities would welcome the use of all the power if by that means a cheaper and better plant food could be manufactured and given wide distribution throughout our country. If, however, there is a surplus of power to be distributed which the lessee does not need for fertilizer manufacturing, there should be means of distributing this power as provided in the Senate Joint Resolution No. 49. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 12 minutes to the gentleman from Arizona [Mr. DOUGLAS].

Mr. DOUGLAS of Arizona. Mr. Speaker and Members of the House, it is with a great deal of reluctance that I speak in opposition to the conference report before you. Yet I feel I would be derelict in my duty as one of your Members, were I not honestly and fairly to state my opinion with respect to the measure under consideration. In doing so may I say that I have great respect for the House Members of the Conference Committee, and that I am saying what I say as a fair difference of opinion between them and me on this subject.

It has been contended that the provisions of this conference report which authorize Government operation and distribution, are nullified or will be nullified by the provisions authorizing the President to execute a lease of the nitrate plants.

The correctness of such an affirmation depends entirely upon whether or not under the specific leasing provisions contained in the conference report a lease, as a matter of

fact, will be made. So for a moment I would like to give you my analysis of exactly what these leasing provisions mean. In the first place, there is an obscurity in the language so great that I must confess an inability to properly interpret it. Section 25, in the last proviso, gives the lessee a preferential right to purchase 15 per cent of the amount of power "used by the lessee in the production of fertilizer." Used when by the lessee? Used this year? Last year? In the year to come? Five years back? Is it 15 per cent of the amount of power which he has used during a period of seven years or what, as a matter of fact, does that language mean? If it means that he is to be given the right to purchase 15 per cent of the power used in fertilizer production and to apply it in the production of commodities off the reservation and that the 15 per cent is to be based upon the amount of power he uses throughout any one year then it follows, since the amount of fertilizer he will produce will fluctuate, that the amount of power to which he is entitled will also fluctuate. Who would undertake to lease without the definite knowledge that he would have the right to purchase the amount of power necessary to produce the things for the production of which he makes a capital investment.

Mr. WURZBACH. Will the gentleman yield?

Mr. DOUGLAS of Arizona. For a question.

Mr. WURZBACH. The gentleman does not contend that that limitation would apply to the secondary power that might be used under the terms of this language?

Mr. DOUGLAS of Arizona. It applies to all power.

Mr. WURZBACH. Oh, no.

Mr. DOUGLAS of Arizona. But even if it did not, the same argument holds good. There is no standard against which the 15 per cent is to be applied. Further than that, the language is very obscure with respect to what he can, as a matter of fact, produce outside of the reservation.

Mr. McSWAIN. Will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. McSWAIN. If that were true, does it not leave it wide open for the President to make a liberal lease in order to induce a lessee to contract, and would he not construe that in the most liberal and broad manner?

Mr. DOUGLAS of Arizona. I will restate my language. It is very questionable as to whether the lessee outside of the reservation can use the power, the 15 per cent of the power, in the manufacture of anything directly or indirectly connected with his operation on the reservation. The obscurities cited are only a few of the many which time does not permit me to point out.

But, waiving all of these considerations with respect to the obscurity of the language, there is a more fundamental reason which will prevent the letting of the nitrate plants. Most, in fact all, of the chemical companies engaged in the production of fertilizer derive the largest part of their revenues not from the sale of fertilizer but from the sale of by-products.

The measure under consideration prohibits the manufacture or processing of by-products except those which are not ingredients of fertilizer. The question arises: How many by-products can be manufactured in nitrate plants No. 1 and No. 2 which are not ingredients of fertilizer? If the Haber process or a modification of it is used there will be not a single by-product which is not an ingredient of fertilizer, for every by-product produced by the Haber process contains nitrogen and almost every nitrogenous compound is an ingredient of fertilizer. If the cyanamide process is used there will be only one by-product which is not an ingredient of fertilizer and that is calcium carbide. To make calcium carbide into cyanamide and thence into cyanide it must be transported off the reservation where there must be a duplication of the investment made upon the reservation, if it is to be manufactured into anything other than carbide. So I say that under the provisions of this conference report the opportunity to derive revenues from by-products which will make a lease attractive is specifically prohibited. For that reason I conclude that it is extremely doubtful whether, as a matter of fact, any

lease at all will be made under the provisions of the measure before us.

Mr. WURZBACH. Will the gentleman yield?

Mr. DOUGLAS of Arizona. For a question.

Mr. WURZBACH. The gentleman has stated that carbide would be a by-product which would not be an ingredient if made under the cyanamide process, which is the process that is intended to be used. If that is true then there is no limitation on the processing of that kind of a by-product, even with reference to the 15 per cent of power or any per cent as set out in subdivision C.

Mr. DOUGLAS of Arizona. But that is the only by-product there is, and if a lessee desires to convert carbide into cyanamid and then into cyanide he must do it off the reservation.

Mr. WURZBACH. He has the right to process any by-product that is not an ingredient of fertilizer, and that without any limitation as to power.

Mr. DOUGLAS of Arizona. No—for the reason that to process carbide into cyanide the lessee must first convert the carbide into cyanamid which is an ingredient of fertilizer. But if the gentleman were correct in his interpretation of the language the permission to manufacture only one by-product would not make the proposition sufficiently attractive to result in a letting of the properties.

Mr. WURZBACH. Is not that a product that can be processed in a hundred different ways and would not that be very profitable?

Mr. DOUGLAS of Arizona. Not without first processing into an ingredient of fertilizer.

So in my judgment it is altogether doubtful whether any lease, as a matter of fact, will be made under the provisions of the measure before you and, therefore, if you are to obtain a clear picture of exactly what you will soon vote upon, you must tear from this measure the leasing provisions and analyze the act without them.

Mr. FISHER. Will the gentleman yield?

Mr. DOUGLAS of Arizona. I have only about one minute left.

Mr. FISHER. Does not the gentleman believe that if the chemical alloys and by-products were developed to a great extent so that they could make almost anything, there would be criticism that they were not devoting the proper amount of energy and money to fertilizer production?

Mr. DOUGLAS of Arizona. Not under the provisions of the bill which the House passed last spring, which in effect provided that so long as the lessee maintained the fertilizer production he could do almost anything he choose by way of manufacturing by-products.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. OLIVER of Alabama. The gentleman will concede that the gentlemen on this side of the aisle with whom the gentleman from Arizona has discussed this matter many times are deeply interested in this plant being operated in the interest of agriculture, and I am sure the gentleman from his contact with gentlemen on this side will concede that if we, whom it very directly affects, have concluded that this is a fair bill for the farmer and protects his rights, that such conclusion is entitled to some weight.

Mr. DOUGLAS of Arizona. I stated when I started that it is with some reluctance I undertake to oppose this measure. I do so because of what I consider it to be my duty as a Member of the House—to express my doubts, my mental reservations, with respect to the propriety of this act, regardless of with whom I may disagree. [Applause.]

Mr. O'CONNOR of Oklahoma. Will the gentleman yield for a brief question?

Mr. DOUGLAS of Arizona. Yes.

Mr. O'CONNOR of Oklahoma. I have been very much interested in the gentleman's argument, and as I understand the gentleman, we are here giving authority to make a lease, and at the same time we are so limiting it that nobody will take such a lease under this authority.

Mr. DOUGLAS of Arizona. That is it exactly.

So if there is to be a fair picture given of this measure, the leasing provisions must be torn out of it and you must analyze the bill without them.

Sufficient has been said here on the floor to make it clear that the measure is predicated upon the theory of Federal Government ownership and operation, a theory which I may point out to my friends on this side is completely and absolutely incompatible with the theory of State rights for which your party and mine has consistently stood. The right of a State to tax, to regulate and control nonnavigable waters, to exercise jurisdiction over rate structures can not be reconciled with an industrial enterprise undertaken by the Federal Government.

Under this bill the Government is directed to construct, to own, and to operate a new project, to operate existing properties, to sell power at the switchboard, to construct transmission lines, and under it in the sale of power to private utilities, the Federal Power Commission is set up as the body which shall have the authority to regulate rates with respect to intrastate power.

In conclusion, Mr. Speaker and Members of the House, I can only view this measure honestly and fairly as being one which is driving us one step farther toward a complete destruction of the States, toward pushing them into oblivion, toward depriving them of all the rights which should properly be vested in them, and more than this, toward destroying the principle of private initiative, individual effort, which has made this country great among the nations of the world. [Applause.] I thank you.

Mr. WURZBACH. Mr. Speaker, I yield five minutes to the gentleman from Mississippi [Mr. QUIN].

Mr. QUIN. Mr. Speaker and gentlemen, this is no new fight. You are now at the last stand. The people of the United States are now at Thermopylae, and whether or not selfish, greedy, predatory wealth, organized capital, the great Power Trust, and the fertilizer organizations of this country will succeed in stopping the farmers and the masses of the American people is to be determined by you. Now is the time for you to say where you stand.

My distinguished friend who spoke from my own party against this bill, spoke and made an able fight against Boulder Dam. I want my friends from the far West to remember that I believe in the law of reciprocity. When you gave your Macedonian cry for help, PERCY QUIN and all who were with him came forward as one man and stood by you to give you Boulder Dam legislation [applause] and the gentleman who spoke here was endeavoring to defeat you. Is it possible at this late hour that the friends who reaped the benefit of that legislation will listen to the songs of those who tried to defeat you?

My friends, I call on you now in behalf of the poor people of the United States, in behalf of the farmers from one end of this Republic to the other, in behalf of the helpless women in the little farmhouses to raise them up out of the grasp of this great, monstrous giant that is levying tribute all the way from the humble hut to the great and finely furnished palace. They are to-day levying their tribute upon every hut and humble home in the United States. This powerful trust is collecting tribute from every industry, both small and great.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. QUIN. No; I can not; I have not the time. I want to say to the gentleman from the great State of Washington that he has had my vote all these years for public lands for his State that belong to the Government and have not paid taxes, and yet we have taken money out of the Public Treasury in lieu of taxation. He ought not to begrudge us this legislation for the poor people of this country for the operation of a plant that the Government has put \$150,000,000 into. I have voted for all the irrigation projects in the West. You needed our help and we always responded.

Sound? Of course it is sound. We have built the dam; here is the lease proposal, the best one we have ever had from our committee. Then you have the Norris bill as an alternative if the President can not find some one to take

over the property and operate it for profit—the Government of the United States is to do it itself.

The question of national defense is involved here—the making of nitrate during the time of war and fertilizer during the time of peace. We want this Cove Creek Dam built to carry out the entire Tennessee Valley improvement plan and double the power at Wilson Dam. No one can say that we are proposing a new scheme. It is a question of whether or not the people of the United States are going to receive justice, or are we going to let this great power monopoly tap you on the shoulder and say, "You do what I want instead of what the people want"?

Is it possible that for years, after this long fight, this arduous struggle, the people of the United States are to have at this late hour their rights taken away from them by special greedy, avaricious, entrenched monopoly? [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. WURZBACH. Mr. Speaker, I yield to the gentleman from Tennessee [Mr. McREYNOLDS].

Mr. McREYNOLDS. Mr. Speaker and gentlemen, the gentleman from Indiana and the gentleman from Massachusetts have criticized the provisions of the bill because it provides 5 per cent for Tennessee, and yet they supported the Reece bill during the last session of Congress, which provided for a recapture clause of Cove Creek Dam, thereby recognizing the rights of Tennessee.

It is very apparent that the gentlemen from Massachusetts do not want any disposition of this project, for apparent reasons, and here comes the gentleman from Washington trying to tell us something of what we should do in regard to our rights in Tennessee.

Mr. Speaker, I think this is the first time that we Members of the House from the South, who are more directly interested in the proper disposition of the Muscle Shoals project than any other section, come to you with a solid front asking for your favorable action on this conference report which disposes of the Muscle Shoals project. We do this because we feel that this bill comes nearer representing the rights of the people than any other that we have had an opportunity to pass.

We have stood here for some 10 years with the Power Trusts on one side and the Fertilizer Trusts on the other trying to protect and dispose of this project in the interest of the American people. Whenever any proposition was submitted that would in anywise affect the power companies they immediately spread their propaganda and waged war on such a bill. Whenever it was proposed to make fertilizer, the Fertilizer Trusts immediately waged their fight against such a proposition, and up to this time both have been successful to a great extent.

The act of 1916, which authorized the building of the Wilson Dam, provided that it should be used for the purpose of making nitrates for the Government in time of war and for fertilizer in time of peace.

Millions of dollars have been spent on this great project, and yet for many years the Government has been forced, under the conditions, to dispose of its power to the Alabama Power Co. at the rate of 2 mills per kilowatt-hour, which is said to be of a loss to the Government of about \$4,000,000 per year. Under these conditions, is it not high time, from this standpoint alone, that some immediate and final action be taken?

You have had thoroughly explained to you by the conferees just what this bill now proposes. The greatest objection that has been made to this character of legislation is that it puts the Government in business. Of course, it does not put the Government in business, but it is true that it continues the Government in business. From this standpoint let us consider it very briefly. At the present time the Government is operating the dam at Muscle Shoals and selling to the Alabama Power Co., as before stated, whatever power it will take at the small sum of 2 mills per kilowatt-hour, and this company is selling a lot of this power as high as 10 cents per kilowatt-hour. What we propose to do now is to continue the operation of this plant

and to lease the nitrate plant owned by the Government at Muscle Shoals for the purpose of making fertilizer under the conditions as set forth in this bill, and to furnish to the lessee sufficient power from this great dam to operate these plants, and also a certain amount for the purpose of manufacturing by-products. We also further propose to sell to near-by cities and municipalities, giving them preference, and any surplus, if there be any, to power companies at the switchboard at a reasonable price. If this can not be procured, then the Government is authorized to build transmission lines. You can see from this that it does not place the Government in business more than it is now, unless it becomes necessary to build these transmission lines.

In my opinion, no transmission lines will ever be built by the Government, for two reasons: First, when the nitrate plants consume all the power that they desire and the local towns get what they wish, there will be no surplus; in the second place, even if there should be a surplus of power, whenever the Tennessee Power Co. and the Alabama Power Co. realize that the Government can and will build transmission lines for the sale of their power, these power companies will pay a reasonable price for the power.

I have had some friends in this House who stated that they did not like to vote for a proposition of this kind, because it was setting a precedent. This is true, that it is setting a precedent under these peculiar circumstances, but I doubt if another instance of this kind, surrounded as we are in this case, will ever arise, and if it does arise no one should object to setting this precedent. What is the situation? Here the Government has built this great dam and created this great power as a war-time measure. They have this surplus electricity, and at present they are in the hands of the Alabama Power Co. and have to accept just what that company may offer.

During last year the Tennessee Power Co. built transmission lines from Nashville, Tenn., to Muscle Shoals, and ran this line over Government reservation at Muscle Shoals, and instead of becoming a competitive bidder for this power, they attached on to the Alabama Power Co.'s lines outside of their meter, and whatever power they obtain is not direct from the Government but through the Alabama Power Co.

Where will you ever find in the history of this country the same conditions to exist as exist here? These power companies have not been fair. They have undertaken to tie up the Government in the disposition of this power at their own price, and I appeal to every Member of this House to say whether or not the Government is entitled to have a fair chance in the sale of this power.

As a general proposition I am opposed to the Government in business, but Muscle Shoals is an exception. As to Muscle Shoals being an exception, I trust you will bear with me and hear what the leading citizen of the Nation said on this subject:

There are local instances where the Government must enter the business field as a by-product to some great major purpose such as improvement in navigation, flood control, irrigation, scientific research, or national defense. But they do not vitiate the general policy of private ownership to which we would adhere.

By whom was that statement made, when, and where? It was made by the Hon. Herbert Hoover in his candidacy for President on October 6, 1928, at Elizabethton, Tenn. To understand as to what project Mr. Hoover refers we should perhaps get the setting. Elizabethton, Tenn., is located in east Tennessee, a little town of something like 8,000 population; in the congressional district which the Hon. CARROLL REECE has the honor to represent, and in which district the disposition of Muscle Shoals played such a prominent part in Mr. REECE's defeat in last November election.

This speech was one for the South, for that campaign, and people came there by the thousands from Tennessee, north Alabama, and Georgia who were more interested in the disposition of Muscle Shoals than any other pending legislation. This statement being made by Mr. Hoover under these conditions, then are we not more than justified in concluding that his reference was to that of Muscle Shoals? However, we have the statement of Mr. Edward J. Meeman, the editor

of the News-Sentinel, of Knoxville, that during the afternoon of that date, in answer to direct question by him, that Mr. Hoover said, "You may say that that means Muscle Shoals." The publication of the interview occasioned some little storm in the Republican committee headquarters, causing Mr. Hoover to issue a statement on October 9 confirming and clarifying his remarks to Mr. Meeman. In that statement Mr. Hoover is quoted as stating "That the Scripps-Howard editor had correctly quoted him," but further added:

There is no question of Government ownership about Muscle Shoals, as the Government already owns both the power and the nitrate plants. The major purposes which were advanced for its construction were navigation, scientific research, and national defense. The Republican administration has recommended that it be dedicated to agriculture for research purposes and development of fertilizers in addition to its national-defense reserve. After these purposes are satisfied there is a by-product of surplus power. That by-product should be disposed of on such terms and conditions as will safeguard and protect all public interest.

As further evidence that Mr. Hoover's statement, herein quoted, meant Muscle Shoals, Mr. George F. Milton, editor of the Chattanooga News, of Chattanooga, Tenn., a friend of Mr. Hoover and who supported him very effectively with his paper in 1928, says that Mr. Hoover told him "that Government involvement in the building of Cove Creek Dam was in the same class with the Government interest in Muscle Shoals. It, too, is an exception to the general rule." From these statements of our President he will undoubtedly approve this bill.

The failure to dispose of Muscle Shoals prior to this time has retarded and prevented, to a great extent, the growth and prosperity of our section of the country. So we stand here to-day pleading with you to support this proposition, thereby giving us a chance for our progress. You people of the East have gotten your Cape Cod Canal, and you people of the West have gotten your Boulder Dam, so we people of the South, who are more vitally interested in the proposition that is now before you, appeal to you to come to our relief.

There has been spent by the Government on the survey of the Tennessee River and its tributaries nearly a million dollars, and they have discovered that some 4,000,000 horsepower of hydroelectric power could be developed along our streams. Applications for preliminary permits to build any of these dams involved above Muscle Shoals have been refused because Muscle Shoals was not disposed of. We have no chance for development of these great power dams until Muscle Shoals is disposed of.

Members of the Rivers and Harbors Committee have come on the floor of this House and have predicted that east Tennessee some day would become "the Ruhr district of America" on account of our wonderful natural resources, yet you understand that the greatness of our natural resources are of no benefit whatever unless developed, and under present conditions we are tied hand and foot to Muscle Shoals. We, therefore, beg of you to pass this bill and give us an opportunity to become one of the greatest industrial sections of this country.

The building of Cove Creek Dam, which is provided for in this bill, is the key to the development of the Tennessee River, in that it aids navigation and flood control; it increases the horsepower of all dams below it from 100 to 110 per cent, and, if I remember correctly, the Government will get the benefit of increase of horsepower at Muscle Shoals of 124 per cent. The building of Cove Creek Dam aids in the control of the floods of the Mississippi River and will save millions of dollars in damages caused by high water along the Tennessee River. I live at Chattanooga, Tenn., on the Tennessee River, and I note that Senator NORRIS says that the cost of building Cove Creek Dam alone will be worth that much to our thriving city. We have some floods there during high water, and the building of this dam will lower the high-water mark 15 per cent, and it is this excess that causes the damages in our city. During last session of Congress a project was recommended by the Chief Engineer of the War Department for the improvement of the navigation of the Tennessee River at a length of 652 miles from where it enters into the Ohio River to Knoxville, Tenn., at a depth

of 9 feet, which was approved by this Congress, and we hope some day to see this project fully completed.

The completion of this project lay to a great extent in the building of Cove Creek Dam. After this dam is built it will only take seven high dams from the Ohio River to Knoxville to give us 9 feet of water.

We know that the President of the United States favors the development of the great rivers of this country, as reported in his speech in the summer of 1929 at Louisville, Ky., at the celebration of the completion of the 52 navigation dams in the Ohio River. The dams to be built in the Tennessee River are practically all great power projects, which will mean much to the development of the hydroelectric power in this country. Without the disposition of Muscle Shoals we will continue to have to wait for our developments, as we have already waited for many years.

There was never a time in the history of the Southland when the farmers need relief more than they do at the present time, and the making of cheaper fertilizer at Muscle Shoals would be one great aid in their many struggles. Experts claim that the farmers of the country would save \$50,000,000 per year in the operation of these nitrate plants at Muscle Shoals. I do not know whether this is true or not; however, the figures show that we are paying Chile each year a tax of about \$12,830,000 on nitrates.

Let me appeal to every Member of the House to vote for this bill and give us the desired relief. If the Government is to continue in business at Muscle Shoals as it is now, let it serve the people of the United States, and especially the farmers, and not alone the Alabama Power Co. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield to the gentleman from North Carolina [Mr. JONAS].

Mr. JONAS of North Carolina. Mr. Speaker and gentlemen, I do not think that I am allied with that crowd that controls the predatory wealth of this country. I am the son of one of those tenant farmers you heard so much about during the drought debate, and I come out of the solid South.

In 1928, from every stump, I told the people that if I came here I would cast no vote that even suggested that I am in favor of this Government entering into competition with private initiative in any industry or any business in the United States. [Applause.]

Mr. WURZBACH. Mr. Speaker, I yield to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Speaker, this bill does not provide for Government operation of the Muscle Shoals nitrate plants. It places in the hands of the President full and complete authority to lease for 50 years the fertilizer plants and also to fix the price of rental and the price of the power to be used in the operation of the plants. The power plant is now and has been and will continue to be operated for the benefit of the power companies unless this bill is enacted. This act would provide for its operation, not for the benefit of the power companies but for the benefit of the American farmers. This is the best farm-relief measure that has been considered by the Congress, as better and cheaper fertilizer is the greatest need of the American farmer.

The demand for fertilizer is increasing by leaps and bounds as the fertility of the soil is being exhausted by continued cropping. The price of fertilizer is also increasing. Muscle Shoals plants furnish the only relief. This nitrate plant at Muscle Shoals is one of the largest and best in the world. Germany and other European countries have utilized their war nitrogen plants for the benefit of agriculture and have been so successful that Germany no longer imports Chilean nitrates, but has become a large exporter of nitrogen and fertilizer. We should do the same without further delay.

The operation of these plants will not be local in its effect but will be nation wide. It has been proven many times before the committees of Congress that the price of fertilizer made at Muscle Shoals will control the price of all fertilizer used in this country. It will reduce the farmer's fertilizer bills about one-half of the present price.

We Members of the South have voted for all reclamation projects, the Hoover Dam, and for things in which New Eng-

land has been specially interested, and we now appeal to all Members of the House from every section to support this measure, not because it is local but because it will be of interest to them and their constituents. The farmers from Maine to California, and all other sections of the country, will receive the benefits of the reduced price of fertilizer by means of the operation of the Muscle Shoals plants, and I hope and trust that this measure will receive practically a unanimous vote in the House.

In addition to the operation of the Muscle Shoals properties the waste of the power there will end. It will produce a large income to the Government and give employment to thousands of men, many of whom are now idle and unable to secure employment. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield five minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON of New Jersey. Mr. Speaker, I am opposed to this report, and I am going to vote against it. I sincerely hope that the House will vote against it. These are my reasons: First of all, I believe that this report, without any conscious endeavor on the part of our Members, is a part of the great movement now setting in in this country to sovietize our Federal Government and pauperize our people.

I am opposed to it upon the ground that it is not what it purports to be. The Norris bill is like the human heart, deceitful above all things and desperately wicked; and the addition of the leasing program to the Norris bill is an attempt to extract some of the soviet poison so as to make it more palatable to American-minded people. The Norris bill is simply a hunk of sovietism disguised in a fertilizer bag.

I am opposed to this bill because it puts the United States Government into business on terms that are unfair to the taxpayers who support the Government.

I am opposed to it also upon the ground that it involves a new and dangerous principle of spending Government money without the authority of Congress, because the board in this new organization will have the privilege of spending money for transmission lines without coming to Congress for authority or for an appropriation.

I am opposed to the report because it taxes all of us to give to the deserving States of Tennessee and Alabama 10 per cent of the gross proceeds. If there were 5 per cent for New Jersey, possibly I might go along with it. But as it taxes New Jersey absolutely without representation for the benefit of Alabama and Tennessee, I must protest.

I have been all over the Tennessee River from the cove down to the mouth, and I consider the Tennessee River the greatest single undeveloped natural resource now in the possession of the South. I would be glad to see it developed completely, on American principles and by private initiative, and by private enterprise.

I am opposed to this report because it discriminates against private enterprise in favor of political units. It will give a 30-year sale of power to a municipality without any conditions, but will only sell it for 10 years to a private enterprise, with a cancellation clause.

I am opposed to the bill because it wastes 1 per cent of the fertilizer to send out free to the farmer to acquaint the farmer that such a thing exists as fertilizer. You might as well ship free coffins to undertakers at Government expense to let them know that there is such a thing as death.

I am opposed to it because it offers lease terms that in accordance with the eloquent address of our friend from Arizona [Mr. DOUGLAS] spell defeat to anyone foolish enough to agree to them. I don't believe that you will ever get a reputable firm to accept a lease on these terms.

I am opposed to it because it invades State rights by putting the Federal Power Commission in authority over local and State commissions that have the authority to regulate intrastate public utilities.

I am opposed to this bill because it is absolutely uneconomic, because it would build transmission lines where they now have four lines that are carrying but half a load.

For the foregoing reasons, and because this bill completely represents the failure of the political mind to handle an economic problem, I want to go on record as being opposed to it, and, much as I admire the gentlemen who have worked out this scheme with such toil and patience, I hope the House will vote it down. [Applause.]

Mr. WURZBACH. Mr. Speaker, I yield five minutes to the gentleman from Tennessee [Mr. REECE].

Mr. REECE. Mr. Speaker, some of the principal features of the conference agreement were precipitated at the last meeting and a decision was reached by a majority of the conferees before opportunity was available for thorough study of the proposal. It was evident that the proposal was not consistent with the House plan nor in harmony with my views. But having worked so hard under unparalleled difficulties in an effort to obtain a solution of the problem, I felt there was a probability that a satisfactory lease might be had under these proposals and, through a successful lease operation, an acceptable solution of the problem might be found.

In view of the unusual situation which developed in the conference, this was the best that could be had. Wishing the House to have an opportunity to vote upon the Muscle Shoals measure without attaching any significance to my attitude, I decided to sign the conference report with the statement which has become of the record.

I felt that if the House compromise bill of December 16, 1930, which appeared to be universally acceptable had been permitted to become a report, it would have become a law and resulted in a most satisfactory solution of the whole problem, both from the standpoint of public interest and of the economic development of the South.

In a final effort to reach an agreement with the Senate conferees upon a basis that offered a probability of solving the problem after the far-reaching proposal of December 16, 1930, which I presented on part of House conferees, had been brushed aside, I suggested a proposal agreeable to a majority of House conferees which, if accepted by Senate conferees, would have resulted in a consistent report.

The principles of the proposal, presented at next to last meeting, were these:

First. That the Government operate the power plants primarily furnishing current for the fertilizer and chemical operations under terms of lease contract and selling the surplus current with preferences to municipalities, and so forth, as provided in Senate bill.

Second. That the President lease the nitrate plants primarily for production in quantity of fertilizer, fertilizer ingredients, and kindred chemical products at limited profit.

Third. That the power generated at Wilson Dam be impressed with priority use for operation of nitrate plants, and, consistent therewith, that authority to construct transmission lines be suspended for a period of time necessary to determine the amount of power needed for operation of nitrate plants and therefore the economic necessity for transmission lines.

Fourth. That, if a satisfactory lease is not executed within a year, the board proceed to operate primarily for production of nitrates to be used in fertilizer, with continuing authority to lease under the same or such other provisions as the Congress might authorize, thus obviating the necessity of the Government permanently engaging either in the fertilizer or the power-distribution business.

Fifth. That the Government construct Cove Creek Storage Dam as provided in the various proposals.

These were propounded as amendments to the Senate bill, not otherwise modifying any part of the Senate bill but thus making it fit the situation with every evil eliminated and every benefit preserved.

I felt that such a proposal would be acceptable to both Houses and would become a law. But the Senate conferees brushed it aside, as before, and at the next and last meeting submitted a slight modification of their former leasing proviso which had previously proved unacceptable to a majority of House conferees. But at this final meeting a major-

ity of the House conferees departed from my judgment and accepted the Senate proposal as reported, signing the report in blank before leaving the conference room. After a day's consideration I decided to join my colleagues in submitting the proposal to the House for consideration. If it proves to be a satisfactory solution of the problem, I shall be happy, as no one could be more interested in a solution than I have been, nor have contributed more effort to a satisfactory determination of the matter of so much concern to my section of country.

Mr. RANSLEY. Mr. Speaker, I yield five minutes to the gentleman from Pennsylvania [Mr. COCHRAN].

Mr. COCHRAN of Pennsylvania. Mr. Speaker, ladies and gentlemen of the House, on the 27th day of last May this House by a decisive vote condemned Government operation, and if to-day it maintains that same attitude it will as decisively defeat this conference report. I compliment the managers on the part of the Senate, but I can not compliment the managers on the part of the House. They have yielded to what we then condemned. The gentleman from Texas [Mr. WURZBACH] would have you believe that there is an alternative proposition here. There is nothing but the original Norris Government operation bill, thinly disguised with some words about a lease. I had intended to discuss the terms of this lease, but the gentleman from Arizona [Mr. DOUGLAS] has effectively shown that no lease could possibly be negotiated. While I entertain that belief, I will concede for the purpose of argument that the gentleman from Texas is right, but even at that, we have Government operation. This bill sets up the Muscle Shoals Corporation of the United States. It will function at the first meeting of its board of directors. It is charged in this legislation with the commencement in 1931, within the next 10 months, of the construction of Cove Creek Dam. Do you appreciate what the construction of Cove Creek Dam means? It means the expenditure of \$40,000,000. There will be authorized by the terms of the compromise bill all money that may be necessary to carry out the purposes of this corporation.

The compromise bill authorizes the appropriation of the sum of \$10,000,000 immediately, of which \$2,000,000 shall be available for expenditure during the next 10 months. The construction of Cove Creek Dam means the acquisition of 60,000 acres of land for the flowage area of the dam. Just what that means is set out in section 16 of the bill. It authorizes this corporation at Cove Creek to negotiate and conclude contracts with States, counties, municipalities, and all State agencies, and with railroads, railroad corporations, common carriers, and all public utility commissions, and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam and transportation facilities and powerhouse shall have been completed, the possession, use, and control thereof shall be entrusted to the corporation for use and operation in connection with the general Muscle Shoals project and to promote flood control and navigation in the Tennessee and in the Clinch Rivers.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania [Mr. COCHRAN] has expired.

Mr. WURZBACH. Mr. Speaker, I yield one minute to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, and ladies and gentlemen of the House, the pending bill, agreed on by conferees, is a compromise of the divergent views of the House and Senate, and, while it probably does not represent the full views of any single Member of this body, yet the keen interest felt by the Members from the agricultural States of the South in the passage of the bill, as reported, is based on their confident expectation that it will be of real service to agriculture. They have given long and serious study to it from that viewpoint, and are, I think, of one opinion, that the bill, in its present form, does promise more for agricul-

ture than any bill that has been considered by this Congress in reference to the solution of this problem. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. WURZBACH. Mr. Speaker, I yield one minute to the gentleman from Alabama [Mr. HILL].

Mr. HILL of Alabama. Mr. Speaker, with reference to the provision to pay to the States of Alabama and Tennessee 5 per cent of the gross proceeds from power generated at the dams, may I say that this provision follows the precedent set in the payment of money by the Federal Government to the public-land States of the West, in view of the fact that the public lands are not subject to taxation by those States.

This conference report is not all that I would have it. I take it that it is not all that any Member of this House would have it. It is a compromise, and I am sure that it does not fully meet the views of any of us. We know, however, that practically all great legislation is a compromise. For 10 years the Republican Party has had the control of the Government and has failed to make disposition of Muscle Shoals. For 10 years this party has delayed and dawdled with this great project until to-day this failure to make proper disposition of Muscle Shoals stands as an indictment against the party, a legislative crime and a national disgrace. I believe that if this conference report be enacted into law it will mean mass production of nitrates at Muscle Shoals for the defense of the country and for the benefit of agriculture. I believe that a sincere administration of this conference report, if it be enacted into law, will carry out the purposes for which Muscle Shoals was built and will mean real relief to the farmers of our country in the matter of the cost of their fertilizers.

Before the World War all of the great nations of the world were importing their nitrogen from Chile in the form of Chilean nitrate. To-day all of the great nations of the world with the notable exception of the United States and Russia are taking the nitrogen from the air and fixing it in mass production. They have freed themselves from any dependence upon Chile or any other foreign nation for their nitrogen, and they have done it by their respective governments aiding and helping their nitrogen industry. Last year while the United States was forced to import 239,500 tons of nitrogen and while she imported over 1,000,000 tons of Chilean nitrate from Chile, Great Britain, Belgium, Germany, France, Czechoslovakia, Italy, the Netherlands, Chile, Norway, and Poland entered into a world cartel or world monopoly to control the price of nitrogen throughout the world and to force the United States and particularly the farmers of the United States to pay whatever price for nitrogen this cartel might see fit to fix.

Mr. C. J. Brand, the secretary of the National Fertilizer Association of the United States, in a letter written to Members of Congress on January 3, 1931, tells of the formation of this cartel. In this letter Mr. Brand states:

The cartel is empowered at intervals of from 6 to 10 months to fix prices. * * *

Under this cartel we find the Chilean Government paying this year approximately \$2,500,000 to Germany and Great Britain to get them to reduce their output of nitrogen so that Chile can continue to charge the farmers of the South an exorbitant price for their nitrogen, and, of course, the farmers of the South are paying the \$2,500,000.

The nations of Europe recognize that there are only two great forces that destroy national life—the one an invading army and the other the depletion of the soil. Strange as it may seem, by Divine Ordinance the element which is used to destroy life is the element which gives life. The nitrogen which makes the gunpowder also brings forth the products of the field. These nations recognizing this fact have made themselves independent of any other nation for their supply of nitrogen.

We hear much talk to-day and there are a number of bills pending in Congress to provide new and additional battleships, to modernize old battleships, and to greatly augment the strength of our Navy. There is not a battleship, a fort, an airplane, or a gun that is worth anything at all

to us unless we have the nitrogen to make the ammunition to fire the gun. If we were to go to war to-day, we would have to send our ships over 3,000 miles to Chile to secure the nitrogen absolutely necessary to wage war. If we were unable to keep our lines of communication open with Chile or if Chile were to assume a neutral attitude and refuse to sell us nitrogen, we would stand helpless before the enemy.

Muscle Shoals was built that we might have nitrogen for our Army and Navy in time of war and for fertilizers for our farmers in time of peace. It stands idle to-day while we stand unprepared to defend our country against a foe. It stands idle while the farmers of the South are forced to pay an export tax of \$12.53 for every ton of Chilean nitrate imported from Chile and to contribute thereby 25 per cent of the annual cost of the operation of the Chilean Government. It stands idle while the farmers of the South pay 20 cents a pound for their nitrogen when they should be able to buy it for not over 10 cents per pound. It stands idle while the farmers of the South must pay a fertilizer bill of 1.93 cents for every pound of cotton they produce. It stands idle while the farmers of the country pay out each year over \$300,000,000 for their fertilizers when these same fertilizers should be bought for not over \$150,000,000. It stands idle while Germany sends to Florida, gets phosphate rock, ships it from Florida to Germany across the Atlantic Ocean, then 150 miles up a canal, then carries it 100 miles over a small railroad, then crushes it, mixes it with nitrogen and potash and sends it back for the farmers of this country to pay for it whatever price the world nitrogen monopoly sees fit to fix.

I urge this House to adopt this conference report and put an end, in so far as it can, to this intolerable and un-American condition.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. WURZBACH. Mr. Speaker, I yield one minute to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Speaker, this report does not agree with my personal and individual method of solving the matter, but I realize that I can not have my way entirely, and in order to settle this matter I am willing to go the other man's way a little piece, and for that reason I am going to support it. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from South Carolina has expired.

Mr. WURZBACH. Mr. Speaker, I yield one minute to the gentleman from California [Mr. SWING].

Mr. SWING. Mr. Speaker, I sincerely trust that the House will agree to the conference report and finally dispose of the Muscle Shoals controversy and put this great natural resource to work in the interest of the people.

For ten years I have seen this battle waged in Congress. The destinies of Muscle Shoals, in a way, were linked with those of the Boulder Dam project, in which I was greatly interested. The same powerful forces that were fighting my project were at the same time making common cause against this project. The Federal Trade Commission, in its official investigation of the power companies, exposed the great campaign that had been staged behind the scenes to defeat both the Boulder Dam project and Muscle Shoals. Several million dollars were expended, with agencies being set up in nearly every State in the Union, to carry on an active and intense propaganda, in an effort not only to mislead public opinion at large but to corrupt the free press of the country and to even enter the public schools to distort the teachings of college professors. The exposure of the insidious and deceptive propaganda resulted in a natural revulsion of public opinion and was one of the contributing causes to the final passage of the Boulder Dam legislation.

That project is now an accomplished fact. All the dire predictions, all the pessimistic forecasts indulged in against it by its enemies have been proven untrue. Even the power corporations, finding that they could not kill that project, have eagerly sought an opportunity to avail themselves and their customers of some of its benefits.

So, too, the dismal forecasts against this great Muscle Shoals project will be proven to be but fog, produced by prejudiced minds for the purpose of confusing Congress. From the beginning to the end of this long debate we have heard the recurring cry of socialism and the protest against the Government going into the business. I decline to be influenced by catch phrases and desire to know only what are the facts.

The phrase, "Keep the Government out of business," is but a half truth, taken from the slogan of the Chamber of Commerce of the United States, "Less government in business and more business in government." The last half of this slogan is to me as important as the first half.

Let us decide this question with the same business sense and business judgment that a private agency would use if it were responsible for the successful operation of these physical properties. We must start with the situation as it exists to-day, and that is that the United States Government has expended more than a hundred million dollars in the development of this great project, which to-day and for years past has been idling, although by it runs the great Tennessee River, capable of producing a great amount of energy that is badly needed and can be put to a beneficial use for the people of the South if not of the whole country.

Congress has become a byword in connection with this great project through its seeming incapacity and inability to take definite action to dispose of this controversy. But Congress is not to blame.

I have seen behind the scenes and know of the powerful forces that have struggled to keep Congress from making a right decision. On the one hand is the great Fertilizer Trust, seeking to get this property which belongs to the whole people for their special benefit. On the other hand are the 13 power corporations of the South, linked together in a combine, first, to prevent the Government from making the hydroelectric power of this project available to the cities and industries of the South and, secondly, to secure the properties for their own use at a mere fraction of its actual value. Between these two gigantic forces action in Congress has been stranded for 10 years.

I am not an extremist in denouncing the power corporations and fertilizer companies. One of the most conservative Members of the House, the gentleman from New York [Mr. SNELL] a man who at one time was himself engaged in the power business, has verified the fact that there is just grounds for criticizing these agencies. Speaking before the House on May 9, 1928, he said:

I think I might say right here that I am gravely disappointed that the business interests of the country, representing the power companies and fertilizer companies, have not been more helpful in trying to solve this problem. I think they are deserving of criticism in that they have not come forward with some concrete, constructive suggestion.

The gentleman from New York then proceeded to explain his own resolution, House Joint Resolution 294. Much has been said in this present debate that the conference report will permit of the Government building transmission lines and that is denounced as un-American and as socialistic, putting the Government into business. But if we are confronted with powerful and selfish private interests who are undertaking to get valuable property belonging to the people at only a fraction of its value we must make certain that the Government agency which has charge of the disposal of this property shall be equipped with ample power to meet any situation that may confront it and defeat any effort to throttle competition or compel the Government to give away the people's property. The gentleman from New York, in section 5 of his bill, found it necessary and desirable to include this language with reference to transmission lines:

In order that the President may be in a position to consider all bids for the sale of power, authority is hereby expressly granted for the construction or lease of transmission lines in any direction from said dam and steam plant either from appropriations made by Congress or from funds secured from the sale of power.

The foregoing language is nearly word for word the language used in the pending proposal, except "the board" is

substituted for "the President." In defense of his proposal the gentleman from New York stated:

Section 5 does provide that the Government may lease or build transmission lines, if it is not possible to get a reasonable bid for the power at the switchboard. That protects us so we can not be held up by the Alabama Power Co., which company now owns or controls all of the available transmission lines that lead to Muscle Shoals.

That exact situation exists to-day and unless we are to hog-tie the Federal agency to whom we turn over these physical properties and condemn that agency in advance to failure, we must give to it the same power and same authority that the gentleman from New York was willing to give it in the Seventieth Congress. The gentleman from New York then took the same position as I do now, that we are confronted with a condition and not with a theory. He closed his remarks at that time with a statement:

I am not in favor of any kind of Government ownership or operation, but the Government has this property and it is incumbent upon us as directors of this corporation to make some disposition of this property.

I am not prepared at this time to vote to have my Government take over the power business of the country, but I am determined that the power business shall not take over the Government of the country. If I must choose between the two, I will stand with my Government. When I am confronted with the arrogance and the cupidity of private corporations who are insisting that the natural resources of the country be turned over to them, whereby they can make profit out of the people by using the people's property, then I insist that we who are supposed to legislate in the interests of the people shall take some such action as is being proposed here to-day, and direct that the wishes and desires of both the power trust and the fertilizer trust be ignored and that the interest and welfare of the people only be considered.

Mr. Speaker, for 10 years we have debated the Muscle Shoals proposition, doing nothing. Now we have presented a proposition to turn it over to a business agency, the directors of which are to be appointed by the President, with the usual powers that are given to an agency that is going to operate a business property.

I certainly hope we may finally at the end of 10 years, stop being a "do-nothing Congress," and put this great natural resource to work and permit it to earn for the South those dividends and benefits which it ought to return to the South. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield one minute to the gentleman from Oklahoma [Mr. O'CONNOR].

Mr. O'CONNOR of Oklahoma. Mr. Speaker, I am opposed to the Government going into business, because the Government can not do business successfully. In the other end of this building, where sits "the greatest legislative body in that end of the Capitol," there is a restaurant operated by the Government at which I ate the other day, and I understand they lost \$76,000 last year. If the Government can not run a restaurant or can not run a barber shop, how are they going to operate successfully an enterprise of this magnitude? [Laughter and applause.]

The trouble with this delayed proposition is, if we used more brains and less muscle, we would not have been on the shoals so long. If this is the best farm-relief measure that was ever passed, that is not saying much for it, because so far we have not done very much of anything in successful farm-relief legislation.

The SPEAKER pro tempore. The time of the gentleman from Oklahoma has expired.

Mr. WURZBACH. Mr. Speaker, I yield eight minutes to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES of Michigan. Mr. Speaker, I am primarily interested in Muscle Shoals from the standpoint of national defense. I am not interested in "power." In fact, I have never been interested in "power." Any time I have made a statement regarding Muscle Shoals or made a report from the subcommittee or the whole committee, or spoken on this floor, I said I was in favor of the solution of Muscle Shoals from only one angle, namely, the angle of national defense

I am interested in fertilizer because I realize that to have a good plant in time of war it is necessary to have a going concern. Therefore I want to see the plant operated in time of peace for fertilizer.

Not only for fertilizer—because our plant will be a "going concern"—but because we promised the farmer in 1916 that we were going to give him fertilizer in time of peace. Let us fulfill our promise.

I was the chairman of every subcommittee that considered Muscle Shoals, except when I was ill last year. I was vice chairman of the joint congressional committee in 1926. Senator DENEEN was campaigning for Senator McKinley, and I conducted all the hearings and acted as chairman while we carried on the negotiations with the bidders that came before us. We could have leased Muscle Shoals years and years ago if we had been willing to accept a lease by which the Government would have no adequate protection. I had an opportunity to introduce the "Madden" bill. Mr. Madden did not introduce his bill either time until he and I had several discussions and agreed on the amendments that were necessary in order to have his bill come out of our committee. One was that in case we turned it over to some one and he "fell down" on his lease, all the power came back to the Government. However, we have never been able to get that kind of a lease. Neither do I think Congress will ever be able to secure a lease that will protect the interests of the United States.

This plant is not obsolete. I have been there three times. A year ago I spent three days looking over all the Muscle Shoals properties. I had no citizens take me around, but I did have Government men go with me. I repeat that plant is not obsolete. In all the years we have been trying to lease that plant nobody has tried to lease it for any other method except the cyanamide method. No one has ever made a real offer to use any other method. I sat across the table from representatives of the American Cyanamid Co. in 1926, in 1927, in 1928, and 1929, and the cyanamide method was the method they intended to use in case they secured a lease from us.

They talk about the buildings there being out of date and no good. As I say, I spent three days there and inspected every building thoroughly. The plant was built by one of the best concerns in the United States, J. G. White & Co. As I went through those buildings, it seemed to me as though the people who built those buildings during the war—the J. G. White Co.—built them as good as if they were expecting that when the war was over they would in 5 or 10 years get them back. There was not a single flaw in any building except in the power plant at No. 2, and that was only a slight flaw. There is not a single piece of machinery in either nitrate plant that was built by a shoddy concern. It was all built by the General Electric Co., the Westinghouse, Ingersoll Rand, and concerns of that kind. That plant is in such shape that inside of three or four weeks after a war might be declared we could take it over after spending \$80,000 and manufacture nitrates with which to furnish ammunition for 1,400,000 men—which is a very large army in itself. That would mean that boats which would otherwise have to go to Chile and come back could be used to transport our soldiers. This is not as good a bill as I would like to see, but the best we can get at this time.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. JAMES of Michigan. Yes; I yield to my colleague.

Mr. HILL of Alabama. Is it not a fact that before the World War every great nation in the world was dependent upon Chile for nitrates, and that to-day, with the exception of the United States and Russia, all of these great nations have their own nitrate plants and are independent of any foreign country whatever for their nitrates?

Mr. JAMES of Michigan. That is true. Under the conditions of this bill the President has less restrictions on him in making a lease than any committee of Congress ever had. I feel, therefore, that the President is going to be able to make a lease. If he leases it there is going to be no surplus power to sell to anyone for 50 years. There is only 88,000 primary horsepower at Dam No. 2. If we build the Cove

Creek Dam that horsepower will be doubled. All that power will be needed—and more—to manufacture 40,000 tons of nitrate, which would mean 2,000,000 tons of 2-8-2 fertilizer. It will take all of the electrical output of Cove Creek Dam and of Dam No. 3 and the Wilson Dam, as well to manufacture 2,000,000 tons of 2-8-2 fertilizer.

We had Mr. Bell before us and time after time Mr. Bell said that in order to manufacture 2,000,000 tons of 2-8-2 fertilizer, which is the capacity of this plant, it would take 280,000 horsepower. You can not get 280,000 horsepower unless you build the Cove Creek Dam and Dam No. 3.

As I say, I am talking now simply about the national defense part of this property, and I am firmly convinced in my mind that the President can make a lease under the present bill. [Applause.] That means that as far as power is concerned it is out of the picture for 50 years, and for that length of time Muscle Shoals will be a national defense and a fertilizer proposition.

I sincerely hope, gentlemen, you will stand by the four House conferees. [Applause.]

The SPEAKER. The question is on agreeing to the conference report.

Mr. QUIN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 216, nays 153, answered "present" 1, not voting 61, as follows:

[Roll No. 34]

YEAS—216

Abernethy	DeRouen	James, N. C.	Prall
Adkins	Dickinson	Jeffers	Quinn
Allgood	Dominick	Johnson, Ill.	Ragon
Almon	Dorsey	Johnson, Okla.	Rainey, Henry T.
Andresen	Doughton	Johnson, Tex.	Ramspeck
Arnold	Dowell	Jones, Tex.	Rankin
Aswell	Doxey	Kading	Rayburn
Auf der Heide	Drane	Kelly	Reece
Ayres	Driver	Kemp	Reilly
Baird	Dyer	Kerr	Rutherford
Bankhead	Edwards	Ketchum	Sanders, Tex.
Barbour	Englebright	Korell	Sandlin
Black	Eslick	Kvale	Schafer, Wis.
Blanton	Evans, Mont.	LaGuardia	Schneider
Bloom	Fish	Lambertson	Sears
Box	Fisher	Lanham	Selvig
Boylan	Fitzgerald	Lankford, Ga.	Shaffer, Va.
Brand, Ga.	Fitzpatrick	Lea	Short, Mo.
Brand, Ohio	Frear	Leavitt	Simmons
Briggs	French	Lindsay	Simms
Browne	Fuller	Lozier	Sinclair
Browning	Fulmer	Ludlow	Sloan
Brunner	Gambrill	McClintock, Ohio	Smith, Idaho
Buchanan	Garber, Okla.	McCormack, Mass.	Smith, W. Va.
Buckbee	Garner	McDuffie	Somers, N. Y.
Burness	Gasque	McLeod	Sparks
Busby	Gavagan	McMillan	Speaks
Butler	Gibson	McReynolds	Sproul, Kans.
Byrns	Glover	McSwain	Steagall
Campbell, Iowa	Goldsborough	Mansfield	Strong, Kans.
Canfield	Goodwin	Mapes	Summers, Wash.
Cannon	Granfield	Mead	Summers, Tex.
Carter, Wyo.	Green	Menges	Swing
Cartwright	Greenwood	Michener	Tarver
Christgau	Gregory	Miller	Taylor, Tenn.
Christopherson	Griffin	Milligan	Thatcher
Clague	Guyer	Montet	Underwood
Clancy	Hall, N. Dak.	Mooney	Vincent, Mich.
Cochran, Mo.	Halsey	Moore, Ky.	Vinson, Ga.
Collier	Hardy	Morehead	Wainwright
Collins	Hare	Mouser	Walker
Condon	Hastings	Nelson, Mo.	Warren
Connery	Haugen	Nelson, Wis.	Welch, Calif.
Cooper, Tenn.	Hickey	Norton	Whitehead
Cooper, Wis.	Hill, Ala.	Oldfield	Whittington
Cox	Hill, Wash.	Oliver, Ala.	Williamson
Craddock	Hoch	Oliver, N. Y.	Wilson
Crall	Holaday	Owen	Wingo
Crisp	Hope	Parks	Woodruff
Cross	Howard	Parsons	Woodrum
Crosser	Huddleston	Patman	Wright
Cullen	Hull, Tenn.	Patterson	Wurzbach
Davenport	Hull, Wis.	Peavey	Yon
Davis	James, Mich.	Pittenger	Zihlman

NAYS—153

Ackerman	Bolton	Clark, Md.	Culkin
Allen	Bowman	Clarke, N. Y.	Dallinger
Andrew	Brigham	Cochran, Pa.	Darrow
Arentz	Britten	Cole	Dempsey
Bachmann	Brumm	Colton	Denison
Bacon	Cable	Connolly	De Priest
Beck	Campbell, Pa.	Cooke	Douglas, Ariz.
Beedy	Carter, Calif.	Cooper, Ohio	Doutrich
Beers	Chalmers	Coyle	Dunbar
Blackburn	Chindblom	Cramton	Eaton, Colo.
Bohn	Chipfield	Crowther	Eaton, N. J.

Ellis	Hull, Morton D.	Merritt	Stafford
Erk	Hull, William E.	Moore, Ohio	Staker
Estep	Irwin	Morgan	Stobbs
Esterly	Jenkins	Murphy	Strong, Pa.
Evans, Calif.	Johnson, Nebr.	Nelson, Me.	Sullivan, Pa.
Fenn	Johnson, Wash.	Niedringhaus	Swanson
Finley	Jonas, N. C.	Nolan	Taber
Fort	Kahn	O'Connor, Okla.	Temple
Foss	Kearns	Palmer	Thurston
Free	Kendall, Ky.	Palmisano	Tilson
Freeman	Kendall, Pa.	Parker	Treadway
Garber, Va.	Kinzer	Pratt, Ruth	Turpin
Gifford	Kopp	Pritchard	Underhill
Golder	Kurtz	Purnell	Vestal
Goss	Langley	Ramey, Frank M.	Wason
Hadley	Lankford, Va.	Ramseyer	Watres
Hale	Leech	Ransley	Welsh, Pa.
Hall, Ill.	Lehlbach	Reed, N. Y.	White
Hall, Ind.	Letts	Rich	Whitley
Hancock, N. Y.	Linthicum	Robinson	Wigglesworth
Hawley	Loofbourow	Rogers	Wolfenden
Hess	Luce	Sanders, N. Y.	Wolverton, N. J.
Hogg, Ind.	McCormick, Ill.	Seger	Wolverton, W. Va.
Hogg, W. Va.	McFadden	Seiberling	Wood
Hooper	McLaughlin	Shott, W. Va.	Wyant
Hopkins	Maas	Shreve	
Houston, Del.	Manlove	Snell	
Hudson	Martin	Snow	

ANSWERED "PRESENT"—1

McKeown

NOT VOTING—61

Aldrich	Graham	Magrady	Sproul, Ill.
Bacharach	Hall, Miss.	Michaelson	Stevenson
Bell	Hancock, N. C.	Montague	Stone
Bland	Hartley	Moore, Va.	Sullivan, N. Y.
Burdick	Hoffman	Newhall	Swick
Carley	Hudspeth	O'Connor, La.	Taylor, Colo.
Celler	Igoe	O'Connor, N. Y.	Thompson
Chase	Johnson, Ind.	Perkins	Timberlake
Clark, N. C.	Johnson, S. Dak.	Pou	Tinkham
Corning	Johnston, Mo.	Pratt, Harcourt J.	Tucker
Dickstein	Kennedy	Reid, Ill.	Watson
Douglass, Mass.	Kiefner	Romjue	Williams
Doyle	Knutson	Rowbottom	Yates
Drewry	Kunz	Sabath	
Elliott	Larsen	Sirovich	
Garrett	McClintic, Okla.	Spearing	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. McKeown (for) with Mr. Graham (against).
 Mr. Clark of North Carolina (for) with Mr. Aldrich (against).
 Mr. Johnson of South Dakota (for) with Mr. Igoe (against).
 Mr. Drewry (for) with Mr. Johnson of Indiana (against).
 Mr. Romjue (for) with Mr. Harcourt J. Pratt (against).
 Mr. Kiefner (for) with Mr. Reid of Illinois (against).
 Mr. Hall of Mississippi (for) with Mr. Magrady (against).
 Mr. Williams of Texas (for) with Mr. Timberlake (against).
 Mr. O'Connor of New York (for) with Mr. Sproul of Illinois (against).
 Mr. Corning (for) with Mr. Burdick (against).
 Mr. Celler (for) with Mr. Perkins (against).
 Mr. Sullivan of New York (for) with Mr. Bacharach (against).
 Mr. Carley (for) with Mr. Yates (against).
 Mr. Tucker (for) with Mr. Elliott (against).
 Mr. Moore of Virginia (for) with Mr. Chase (against).
 Mr. Kennedy (for) with Mr. Hoffman (against).
 Mr. Garrett (for) with Mr. Swick (against).
 Mr. Larsen (for) with Mr. Watson (against).
 Mr. Dickstein (for) with Mr. Tinkham (against).
 Mr. Pou (for) with Mr. Michaelson (against).

Until further notice:

Mr. Knutson with Mr. Bland.
 Mr. Johnston of Missouri with Mr. Stevenson.
 Mr. Newhall with Mr. Sabath.
 Mr. Stone with Mr. Hancock of North Carolina.
 Mr. Thompson with Mr. McClintic of Oklahoma.
 Mr. Douglass of Massachusetts with Mr. Bell.
 Mr. Sirovich with Mr. Taylor of Colorado.
 Mr. Spearing with Mr. Doyle.
 Mr. Kunz with Mr. O'Connor of Louisiana.

Mr. McSWAIN. Mr. Speaker, I am requested to announce that the gentleman from Texas, Mr. GARRETT, is ill at his home and unable to be present. If present he would vote for the conference report.

Mr. McKEOWN. Mr. Speaker, I would like to know if the gentleman from Pennsylvania, Mr. GRAHAM, voted.

The SPEAKER. The gentleman did not vote.

Mr. McKEOWN. Then, Mr. Speaker, I withdraw my vote of "aye" and answer "present."

Mr. LANKFORD of Georgia. Mr. Speaker, my colleague the gentleman from Georgia, Mr. LARSEN, is ill and not able to be present. If present he would vote for the conference report.

Mr. CLARKE of New York. Mr. Speaker, I am requested by my colleague the gentleman from New York, Mr. HARCOURT J. PRATT, to say that if he were present he would vote "no."

Mr. CHINDBLOM. Mr. Speaker, the gentleman from Illinois, Mr. SPROUL, is absent on account of illness. If present, he would vote "no."

Mr. DOXEY. Mr. Speaker, my colleague the gentleman from Mississippi, Mr. HALL, is absent on account of illness. If present, he would vote for the conference report.

The result of the vote was announced as above recorded. On motion of Mr. WURZBACH, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

MUSCLE SHOALS

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the question under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. BANKHEAD]?

There was no objection.

Mr. RICH. Mr. Speaker, ladies and gentlemen, I voted "no" in reference to Senate Joint Resolution 49, to provide for a national defense by the creation of a corporation for operation of Government properties at and near Muscle Shoals, in the State of Alabama, and for other purposes, for the reason that I am not in favor of putting the Government into business in competition with its citizens. The first law of our land should be to permit the citizens of this country to operate the business interests regardless of what they might be, and when I vote to put the Government into business in competition with its citizens by this bill I am only working against the principle of freedom of the American people.

It is true, however, that under certain conditions Government supervision of business is a fine thing in order that the public should receive protection from unscrupulous business interests. We have had examples in the past years of the Government in business, and it only requires me to cite the Government operation of the railroads and Government operation of the Shipping Board, which has cost this country millions and millions of dollars, to show that politics and business do not work together.

I was interested in listening to all the arguments pro and con for the operation of Muscle Shoals under this joint resolution, and I am convinced that it would be much better for this country to give this proposition to the State of Alabama and Tennessee free of charge rather than to go into the proposition of operating same on the basis which this joint resolution proposes. We will spend \$240,000,000 in the proposition besides eventually losing money each year on the operation of same.

Why should the States of Alabama and Tennessee receive 5 per cent of the gross income if it were operated by the United States Government? There might be some merit if they were to receive 5 per cent of the net income and would have some ring of business if it had been stated thus. We have been informed by good authority that the nitrate plants that were built for the purpose of generating nitrates during the war, and, owing to the fact that there has been much progress made in the development of nitrates, these plants are antiquated. This is given on good authority. If that is the case, you can figure out for yourself that it would only be a source of great expenditure and would not alleviate the farm situation by giving them cheap nitrates, as we are led to believe.

Rather than place the Government in this particular business, which is wrong in principle, I hope that legislation is proposed by this Government to sell to the States of Alabama and Tennessee this proposition. And if an agreement can not be had wherein they will purchase it, I would prefer voting to give it to these States free of charge rather than to have enacted the legislation as proposed by the joint resolution.

Mr. GLOVER. Mr. Speaker, ladies, and gentlemen, we are to-day considering the conferees' report on Muscle Shoals, which has been in conference for several months on a disagreement between the Senate and the House on this very important legislation. I am glad to know that the conferees have now reached an agreement and I hope this conference report will be adopted by the unanimous vote of this House.

Muscle Shoals was acquired by the United States Government in 1916 and was to be used in time of war for national defense and in time of peace for the manufacture of nitrogen for fertilizer and to be an aid and benefit to agriculture. The passage of this bill, if it is signed by the President and becomes a law, is one of the best farm-relief measures that has been considered by this Congress, as better and cheaper fertilizer is the greatest need of the American farmer to-day. The demand for fertilizers is increasing as the soil is being exhausted by continued growing of our various crops.

The price of fertilizers has also increased until it is now almost prohibited. Muscle Shoals plant furnishes the only relief. The nitrogen plant at Muscle Shoals is one of the largest and best in the world. Germany and other European countries have used their war nitrogen plants for the benefit of the agriculture and have been so successful that Germany no longer imports Chilean nitrates but has become a large exporter of nitrogen and fertilizers. We should do the same without further delay. At least at this plant we should produce all of the nitrogen that is necessary to go into the making of fertilizers that will be needed in the United States.

The putting to use and operation of this plant will not be local in its effect, but will be nation-wide, and will be felt by the people engaged in agriculture throughout the United States.

It has been shown by testimony before the committee that the price of fertilizer made at Muscle Shoals will control the price of all fertilizer used in this country. It should reduce the price of fertilizer to the farmers at least one-third. We, the Members representing the Southern States, have voted for reclamation projects, the Hoover Dam, and for things which New England has been especially interested in, and we now appeal to all the Members of the House from every section to support this measure, not because it is local, but because it will be of great interest to them and their constituents. It will benefit the farmers from Maine to California by giving the reduced price in fertilizer.

By the operation of the Muscle Shoals properties as provided for in this bill it will do away with a waste of power and will put the same to use for the people of the United States. It will produce a large income to the Government and give work to thousands of men. So it serves a double purpose of being of great benefit to agriculture and also to aid to some extent the unemployment situation.

It is claimed by some in the arguments that this plant should not be Government owned and controlled. It is now and has been since the day of its purchase Government owned and Government controlled. It is not putting the Government in business at all.

The present President of the United States is quoted in the Record as stating in a speech he made in 1928 at Elizabethtown, Tenn., when he was a candidate for the Presidency, as follows:

There are local instances where the Government must enter the business field as a by-product to some great major purpose, such as improvement in navigation, flood control, irrigation, scientific research, or national defense. But they do not vitiate the general policy of private ownership to which we would adhere.

Certainly such language as this coming from the President of the United States, he could not now by a sudden change of mind oppose the development and operation of Muscle Shoals, which is owned and controlled by the United States Government.

Let us first discuss this question of Muscle Shoals as a nitrogen plant for national defense. There is now no far-sighted nation who would depend upon another nation for its nitrogen in time of war, and each of them have provided

themselves with nitrogen plants as a matter of national defense. Should the United States be without a nitrogen plant with all of its great wealth and the great territory it has that must be protected from the invasion of an enemy?

We hope the time will never come when we shall be plunged into another war, but we might be as suddenly as we were thrown into it in the last war. If that time should ever be, then we would have this great nitrogen plant in operation and it could be diverted to the use of the defense of the Nation at a moment's notice. Who can offer a reasonable argument against its being kept and used for that purpose as a matter of national defense? I answer, No one can make an argument that will stand the test of reason against it.

Not only will the operation of Muscle Shoals preserve this plant for national defense and have the manufacture of cheap fertilizer, but it will also aid in navigation and flood control, which is now one of the greatest questions that confronts our Government.

With the great and growing population that we have in the United States we must necessarily keep pace in the production of the necessary foods to feed them at the lowest possible cost of production. The farmers of the South are to-day up against this situation. They, with the high cost of fertilizer and the high expense that it is necessary for them to meet in making a cotton crop, can hardly sell the crop for more than the actual cost of production.

We frequently see in the press statements about an overproduction of foodstuffs in the United States. It is not an overproduction, it is an underconsumption rather than an overproduction. In other words, it is my contention that if everybody were properly fed as they would like to be, and properly clothed as they should be, then there would be no surplus to deal with. The trouble now is it is not properly distributed and the opportunities for making the necessary money for purchase of the necessities of life are not as they should be.

The unemployment situation in the United States now is in a deplorable condition. When we have 5,000,000 men out of employment who want work and can not find it, it is a horrible condition to think of. This condition is not brought about by one cause alone. There are many things that are contributed to the bringing of this about.

Of course, the drought situation has entered into this question to some extent in the South, but that is only local, and the unemployment situation is general throughout the United States. It is my opinion that after the Smoot-Hawley tariff bill was passed by this Congress, which is the highest protective tariff that was ever known in this Nation, business was disturbed in a way that I hope to never see it again.

If the President of the United States would send a message to Congress and request a repeal of the Smoot-Hawley tariff law and some amendments to the agricultural marketing act, and let us pass a tariff bill that is just and fair to all the consumers alike and not such as would favor special interests, then we could soon have confidence restored, business would become normal, and the dollar would have the purchasing power it should have.

B STREET NW., IN THE DISTRICT OF COLUMBIA

Mr. COOPER of Wisconsin presented a conference report on the joint resolution (H. J. Res. 404) to change the name of B Street NW., in the District of Columbia.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 14246) entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1932, and for other purposes."

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 15593) entitled "An act making

appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1932, and for other purposes," and had agreed to the amendments of the House to the amendments of the Senate numbered 30, 32, 40, 44, 48, and 74 to said bill.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16738) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1932, and for other purposes," and had agreed to the amendment of the House to the amendment of the Senate numbered 36 to said bill.

The message also announced that the Senate had agreed to the amendments of the House to the amendments of the Senate Nos. 130 and 131 to the bill (H. R. 15256) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1932, and for other purposes."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 14922) entitled "An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the District of Columbia traffic acts, etc.," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CAPPER, Mr. KEAN, and Mr. KING to be the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 404) entitled "Joint resolution to change the name of B Street NW., in the District of Columbia."

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. WASON presented a conference report on the independent offices appropriation bill (H. R. 16415) for printing under the rule.

PATRICK P. RILEY

Mr. JAMES of Michigan. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 506) for the relief of Patrick P. Riley, with a Senate amendment, and agree to the Senate amendment.

The Clerk reported the bill by title and read the Senate amendment, as follows:

Page 1, line 10, after "Act," insert "or to accrue by virtue of its passage."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Senate amendment was agreed to.

MINIMUM LEVELS FOR UPPER MISSISSIPPI RIVER RESERVOIR LAKES

Mr. PITTINGER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the bill H. R. 15600.

The SPEAKER. Without objection, it is so ordered.

Mr. PITTINGER. Mr. Speaker, there is now pending before Congress and before the Committee on Rivers and Harbors a conservation measure of utmost importance to the people of Minnesota. This is a bill (H. R. 15600) introduced by my colleague, the Hon. HAROLD KNUTSON, of Wadena, Minn., on January 5, 1931.

The bill reads as follows:

A bill to regulate the discharge of water from certain reservoirs at the headwaters of the upper Mississippi River

Be it enacted, etc., That notwithstanding any other provision of law, the Secretary of War (1) shall not permit the discharge of water from the following-named reservoirs below the level herein fixed for each reservoir: Lake Winnibigoshish, plus 6 feet; Leech Lake, plus 1 foot; Pokegama Lake, plus 6 feet; Pine River Chain of Lakes, plus 11 feet; Sandy Lake, plus 7 feet; Gull Lake, plus 5 feet; and (2) shall not permit the water level of Pine River Chain of Lakes Reservoir to exceed plus 16 feet. The levels herein fixed shall be determined for each reservoir with reference to the zero of the United States gage maintained at such reservoir.

While the bill may require some amendments, there can be no question as to the attitude of those people in Minnesota who believe in a policy which will prevent the spoliation of the lake region in our State.

I hope to see this measure enacted into law.

I said that it was a conservation measure. So far as I know, this proposed legislation is the first definite attempt to recognize by law the recreational and other values of our lakes and streams and to announce that it is the settled policy of this Government to prevent their despoliation and to save the lakes from ruin and destruction.

In my congressional district, Lake Winnibigoshish and Lake Pokegama are directly affected by the provisions of this bill. Other lakes in the district represented by my colleague, HAROLD KNUTSON, are also affected by this bill.

Six reservoirs were constructed under an act of Congress passed in 1878, in the upper Mississippi region, and are known as Gull Lake, Pine River Chain of Lakes, Sandy Lake, Pokegama Lake, Leech Lake, and Lake Winnibigoshish.

By means of various dams, the waters in these regions can be stored up and discharged as suits the convenience of the War Department. These dams have been operated under regulations promulgated by the Secretary of War on February 21, 1889.

Under these regulations the storage of the waters and the discharge of the waters have been carried on without regard to the recreational or conservation values of these lakes. As a result, the interests of northern Minnesota have been disregarded in the operation of these dams and the waters utilized for other purposes.

There has been a consistent disregard of the need of any permanent low-water and high-water levels in these lakes.

When I was elected to Congress I found this problem, among many others, confronting me. In May, 1930, the people of Itasca County protested to me against the unlimited withdrawal of waters from Lake Winnibigoshish at that time because of the great damage to the fish in this lake. I was advised that thousands of pike had been trapped in the tributaries of Lake Winnibigoshish, due to a low state of water, with the gates of the dam wide open, making bad matters worse.

At that time I was able to enlist the cooperation of the War Department so that the gates of the dam were closed and the water levels of the lake raised.

Since that time I have personally visited this region and have had called to my attention, first hand, the destruction and waste that have been brought about in the upper Mississippi Lake regions.

I want to protest, Mr. Speaker, against this prevailing argument that the dams and lakes and rivers of this country must be used for navigation purposes and that their recreational and other values are to be thrown in the discard. That policy of our Government is wrong. It ought to be stopped.

I am not taking a position that opposes the utilization of our rivers and lakes for other purposes. I do not claim that the dams should be removed. In fact, I think they serve a highly important purpose. Without these dams there could be no permanent levels maintained and there would be no way to regulate the flow of the water. Both industrial and recreational values of our lakes and streams would suffer without construction and operation of proper dams.

Congressman KNUTSON's bill recognizes these facts. His bill, if enacted into law, would declare the policy of the Government to be economic utilization to the fullest extent, along with the protection of recreational and other values of these lakes and streams.

There will be vigorous opposition to this bill. There is no doubt about that. Some of the so-called conservationists of Minneapolis and St. Paul who cry loudly for protection of lakes and streams in other sections of Minnesota are gloriously silent in respect to their attitude on Congressman KNUTSON's bill. Some of them break the silence long enough to oppose the measure. It appears that the lake waters of northern Minnesota can be used in these cities for city purposes and for industrial and power purposes.

Consequently we may expect opposition from people who fear that they will not reap the full benefit of the present policy of ruining our lakes and streams in the northern section of the State.

On December 24, 1930, I discussed proposed legislation in connection with the principles embodied in the above bill, and I quote from the Duluth Herald of that date, as follows:

Plans for minimum water levels for the lakes in northern Minnesota will receive the active support of Congressman WILLIAM A. PITTENGER, according to announcement made by him to-day. He stated that he would actively support the program of legislation proposed by Congressman HAROLD KNUTSON in order that the present War Department regulations may be modified. Claiming that the present arrangement of withdrawing waters from Lake Winnibigoshish and other lakes is haphazard and in the interests of the power companies and other interests of Minneapolis and not necessary to the building of the 9-foot channel, Congressman PITTENGER expressed the hope that the War Department would see the fairness of the claims of the people of Itasca County and other sections who want to protect the lakes from despoliation.

In a statement issued by him this morning he made it clear that he was not opposed to the 9-foot channel. He said:

"I am in entire accord with the plans of Congressman KNUTSON to fix minimum water levels for Lake Winnibigoshish and other lakes in the upper Mississippi region. The present methods and regulations for withdrawing waters from these lakes are haphazard and work to the injury of this territory. While done, presumably, to aid navigation, the power companies and other industries of Minneapolis benefit by the system, to the injury of northern Minnesota. The people of this section have rights as well as other interests. This does not mean that I am opposed to the construction of the 9-foot channel. I have cooperated with persons interested on that project. They have assured me that their purpose is not to do damage to the lake levels. If that is true we ought to have their active support in the legislation proposed by Congressman KNUTSON. It may take years to construct the 9-foot channel. In the meantime let us have some protection. Reasonable plans can be worked out so that the rights of everyone will be recognized."

Every person who believes in saving for the public the recreational and other public values of our lakes and streams is interested in this bill. The principle sought to be established by Congressman KNUTSON is of nation-wide importance and affects every section of the United States where this problem is involved. Those who are interested in this sort of legislation have just two positions that they can take. First, they can take the position that the interests of navigation—whatever that phrase means—and the interests of industries and other organizations are paramount and the United States should continue to permit the use of these waters in total disregard of the damage that is done to their recreational values. I do not concur in this argument or follow those who take that position.

The other position requires that the recreational, fishing, and other uses of the reservoir lakes should be protected, in the interests of the public. I take this position. The passage of legislation embodying the principle of Congressman KNUTSON's bill is the solution to the question.

HUGE GOVERNMENT FLEET PASSES INTO PRIVATE HANDS

Mr. CHRISTOPHERSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement by J. Caldwell Jenkins, vice president Merchant Fleet Corporation, relating to our merchant marine.

The SPEAKER. Without objection, it is so ordered.

The statement is as follows:

J. CALDWELL JENKINS, VICE PRESIDENT, MERCHANT FLEET CORPORATION, TELLS OF REDUCTION IN APPROPRIATIONS FROM \$17,000,000 IN 1928 TO \$2,000,000 IN 1932

No other organization at any time in the world's history has had so large a number of vessels under its control as has the Merchant Fleet Corporation, the operating body for the United States Shipping Board. At various times during and since the World War it has had under its jurisdiction, in vessels requisitioned, commandeered, chartered, purchased, seized, and under contract to build, 4,500 ships, of well over 17,000,000 gross tons. Eight years ago this number had been reduced to 1,700. Through sales for operation, for scrapping, and for reconstruction this number has been further reduced until to-day the board has less than 450 ships, including 153 in the corporation's active fleet. Negotiations are now under way for the disposal of many of these.

American foreign trade increased enormously following the war, with the establishment of regular trade routes—increases running from 50 per cent to as high as 380 per cent. For example, in 1914 there were five vessels under the American flag operating to far eastern terminals. To-day the Stars and Stripes fly over 140 ships in that service, and our far eastern trade has grown by 380 per cent.

Since 1924 the United States Shipping Board has been selling these ocean freight services, in which the board had used vessels built for war-time purposes, to private American companies.

At the Fourth Annual Conference on the Merchant Marine, held in Washington recently, J. Caldwell Jenkins, vice president of the Merchant Fleet Corporation, who has been active in the organization's affairs for several years, told of the Fleet Corporation's work. A part of Mr. Jenkins's talk follows:

"The liquidation of the property and functions of the Merchant Fleet Corporation that are of greatest significance to the American merchant marine does not consist in dismantling of ships or suspension of actual ship operation, but consists rather in the surrender to private steamship companies of activities which the Government has heretofore been carrying on. It has been unfortunate in the past that the word 'liquidation' has been so universally applied to the work which the Shipping Board was trying to accomplish, because it had a demoralizing effect with those who attached to it the usually accepted meaning of going out of business. It lowered the morale of our personnel and left with the competitor the feeling that we were not going ahead with the things which now we really have accomplished."

"The main business of the Merchant Fleet Corporation until comparatively recently was, therefore, the operation of Government ships over some 38 trade routes as effectively and economically as possible, but from first to last the organization and methods followed by the board were those which it was felt would gradually facilitate the eventual transfer of the vessels and lines to private ship companies."

"Aside from recommending to Congress the passage of legislation which would aid shipping, the main purpose of the Shipping Board and Fleet Corporation were to help the merchant marine get on its feet, first, by establishing services around which there could be built up an active freight and passenger business, and, second, in so organizing its efforts along this line in the process there would be developed shipping companies and personnel experienced and competent to take over the lines when other conditions were such as to permit. In practice the measures taken to assure the development of competent ship operators have to an increasingly large extent been the means by which we have brought the lines themselves to their present state of development."

"The success which the Shipping Board has met with in recent years in the sale of lines is too well known to need detailed treatment. Out of an original number of 38 lines, 25 have been sold or are in process of sale. It will probably be remembered by some that the sale of our lines began as early as 1914, in which year that great pioneer in American shipping, Robert Dollar, bought vessels to establish the round-the-world service and the Grace Co. bought a line of 14 cargo ships."

"A recent arrangement and regrouping leaves the board with 13 lines of 9 operating units involving some 175 vessels. The very success of ship sales efforts in the past have, however, altered the nature of the liquidation problem for the future and made it incumbent upon the corporation to adopt new methods if the process is to be carried forward to completion."

"HIGH EFFICIENCY NECESSARY"

"Naturally the more profitable lines were the first to be taken over. All the passenger lines have now been sold and all the lines operating from the Pacific coast. With those remaining the difficulties of getting out of the red figures into the black are greater than formerly, even with the Jones-White mail aid, and an unusually high level of operating efficiency is requisite if the lines are to be made to pay."

"Primarily to encourage greater efficiency and, secondly, because of the savings which it means to the Fleet Corporation itself, and also to stimulate the sale of established lines we have within the last year put into effect what is known as the lump-sum operating agreement. This new agreement and form of operation places the managing operator on a basis as near to ownership as can be without actual title transfer of the lines."

"Now I would like to say a few words in explanation of just what is meant by the lump-sum agreement between the managing agent and the Shipping Board for the operation of Government lines, because I believe that one of its main virtues is that it is the forerunner of liquidation or transfer to private capital."

"Up until about a year ago the established plan of operating Shipping Board vessels involved compensating the managing operator on the basis of a commission on gross freight and passenger revenue, usually 7½ per cent on all outward cargo and 3½ per cent on inward. Although the operator had charge of all details of operation, he had no financial incentive to keep down the cost thereof. A dollar spent which should not have been spent meant no monetary loss to him."

"The only thing that the operator was concerned with beyond his natural pride in the success of the venture was the commissions on cargo obtained, and even this as an incentive was not always adequate to encourage the operator to do his utmost to obtain traffic."

"Even as good as our ship operators are, the mind has not yet reached that degree of efficiency that it can entirely dominate the instincts of mankind, and so with operators, as with the rest of us, self-preservation was the first law of nature."

"The result was that the Merchant Fleet Corporation had to maintain practically a duplicate organization to oversee, check up, and visé almost everything that the operator did. Only a few years ago the Fleet Corporation had a pay roll of over \$6,000,000 per annum to do this thing—an overhead that was greater than the total of the overhead of all the operators put together. This manifestly was no longer an ideal way of developing management

by private shipping companies, although it had been justified in the earlier days when the problem was one primarily of intensive training and development of American operators who could ultimately become owners.

"So that we set about to formulate some new agreement and operating plan that would put the operator on his own; that would let him conduct the business pretty much as he would do it if it were his own property, and at the same time protect the Government's aims and purposes in every possible respect. This new operating policy completely changed the underlying structure of our operation. It was a radical change which some said was a donation while others called it crucifixion, depending upon the viewpoint. You may be assured that it was well considered before we got started.

"LUMP-SUM AGREEMENT"

"The lump-sum agreement abolishes cost-plus commissions, the only financial obligation of the Shipping Board being an agreement to pay a specific lump-sum amount for each of the stipulated number of voyages. The operator must make the voyages at his own expense and must maintain the vessels in a good state of repair within certain limitation. The operator retains all revenues, which, when added to the lump-sum payment, should enable him to cover his expense of operation and administration and earn a fair profit for himself; but if he does not, it is his own loss.

"We have based the lump-sum figure on the prospective gross revenue and operating costs of the lines, taking into consideration their past experience. If, however, the operations reach the point where the operator is making an excessive profit we have reserved the right in the contract to readjust his lump-sum figure accordingly. The result generally is, though, that he comes in and wants to buy before we have a chance to readjust. He is, however, still required to furnish stipulated reports of his operations, which are scrutinized by our experts in order to keep a check on the progress of the operation, and we make periodical inspections of the ships as to upkeep and to make certain that he is rendering specific service to the shippers. But we do not interfere with his business.

"Whatever may be the exact figures arrived at for the lump-sum payment, it always represents a financial saving to the Government. For instance, voyages that approximated under the former plan the total cost of \$11,000 are reduced under the present plan to about \$7,000 per voyage, representing a saving of \$4,000, which is because of our ability to eliminate the large overhead which the Fleet Corporation has had in the past of around 15 per cent of the total cost of operation. We can do this because we no longer need to duplicate the work that the operator is doing for us. We no longer need to tell him whether he can take certain traffic and at what rate, nor do we have to supervise the stevedoring, the maintenance of the ship, the purchase of supplies, or the turn arounds.

"In short, it can be said that even those who were originally most skeptical concerning this agreement are now highly enthusiastic in the face of evident success. The plan is successful also because now the operator is concerned with the money that goes into the operation, for even every nickel that is spent recklessly comes out of his own pocket.

"From the standpoint of liquidation, therefore, the significance of the lump-sum agreement lies, first, in the great reductions which it makes possible in the overhead of the Fleet Corporation; and second, in the more realistic experience which it gives Shipping Board operators and the stimulus which it offers them to put their lines in such shape that they not only can buy them but will be eager to do so. It puts the whole shipping business more fully on private footing.

"In this respect one of the stimulating conditions of the agreement is that the board within its discretion gives the operator the preference in the future sale of the line. What could be sounder than that principle which recognizes that the operating organization which has successfully developed and established the steamship service can best be entrusted with its future management and permanence and to develop the line to a point where it will become a real competitor in the foreign trade. In conformity with this policy, in very recent sales of lines, we have sat across the table with the operator and worked out a sales price based upon the commercial value of the line on a permanent basis, so that the purchaser does not go forth with a millstone around his neck to begin with.

"With the several Government aids held out in support of American owners which will bring about the construction of new and modern vessels, with the growing efficiency on the part of American owners and the increasing patronage by American shippers, we need have no fear for the permanency of these American lines that have been and are being transferred to private hands. All they will need is the support of American shippers, but incidentally I am not one of those who believe that we can wave the American flag and expect that shippers will use American vessels unless they can obtain approximately the same service for the same price. Whenever we have reached that state of efficiency in personnel and in ships which enables us to furnish a service equal to the competitor we should point the finger of scorn at the shipper who does not utilize the American ship and keep it pointed at him until he does ship the American way.

"The transfer of our lines to private capital is merely a beginning. Recently the United States Lines, the show window of the American merchant marine, laid the keels for the first of two of the largest ships ever built in this country. The Dollar Line on the west coast has started building in a real way, and correspondingly

the other lines which have been sold by the Government have taken up seriously their future building needs.

"It has been said that money talks. Sometimes the absence of it talks quite as forcibly. By reference to the annual appropriations of Congress for ship operation and expenses of the Merchant Fleet Corporation we find that as late as 1928 Congress appropriated \$17,000,000 for ship operation. In 1929 it was \$13,000,000, last year it was \$10,000,000, and this year it is \$6,000,000. For next year we have asked for \$2,000,000. After all, that is your liquidation story."

VETO ON LEASED DISTRICT BILL

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record.

The SPEAKER. Without objection, it is so ordered.

Mr. CARTWRIGHT. Mr. Speaker, I have been informed that President Hoover has vetoed the Choctaw and Chickasaw leased district bill. I must say it is a hard lick and a sad day in American history when the President refuses to let the wards of this great Government refer a local bill to their own court for a report—not a judgment—just a report. Surely the President's advisers did not assume the attitude that if the facts were known the Government would have to pay a just debt. The Indians were merely asking for a finding of facts and a report to Congress.

Why President Hoover did not take the advice of Secretary Hurley, who was born and reared in the old Choctaw Nation and knows the exact situation, seems unexplainable. The following is a report as carried by the Associated Press yesterday and which is self-explanatory:

HOOVER VETOES INDIAN BILL FAVORED BY HURLEY

President Hoover and his Secretary of War, Patrick Hurley, of Oklahoma, may agree completely on matters of national defense, but yesterday they, unwittingly, were far apart on an Indian matter.

Just 18 years ago Secretary Hurley was national attorney for the Choctaw Indian Tribe and was instrumental in securing the introduction of legislation designed to allow payment to the Choctaws for certain land in Oklahoma. The Congress now in session finally got around to passing it. President Hoover yesterday vetoed the bill.

Mr. Speaker, these Indians have not had their day in court. Nothing is settled until it is settled right. This claim has not been settled. I have not quit this fight and will not until these Indians get a square deal.

ARCHIBALD JERARD WEAVER

Mr. SLOAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by including therein a speech I have prepared on the life and character of a former Member of this House, Archibald J. Weaver, a Member of the Forty-eighth and Forty-ninth Congresses.

The SPEAKER. Without objection, it is so ordered.

Mr. SLOAN. Mr. Speaker, on this day of fraternal memory, Members living pause in their hurried deliberations of a closing term to gather in solemn conclave, listen to the softened word of prayer, hearken to music, solemn, sad, and low, and are inspired by eloquent speech which tells of departed friendship, loyalty, and greatness, of those sentient beings who here sat in health, deliberated in concord, strove in debate, and criticized all in the monosyllabic yea or nay.

Knowing well most of those for whom this House mourns to-day, I am as one who attends the obsequies of friends and does not immediately depart; who after eulogy is pronounced, the last sad rite is performed, repairs to the grass-grown grave of another friend and places there a few deserved immortelles, that his proper resting place may be known and his worth recalled.

Those honored to-day passed from the distinction of membership here immediately to their place near the throne.

Archibald Jerard Weaver, a Member from the first district of Nebraska, in the Forty-eighth and Forty-ninth Congresses, served the two bienniums for which his constituents called him. He sought no further service here, although his was the word to say yea or nay.

I have long believed that once leaving service in honor here that suitable recognition of former Members' passing should be in our Record—the most complete parliamentary record of all time.

Congressman Weaver was of German parentage and first saw the light on April 15, 1843, at Dundaff, Susquehanna County, Pa. His parents had come to neighbor with that sturdy stock, prominent for two centuries, in the Keystone State.

In goods and lands his endowment was small, but in ancestral strains from either side there were rich legacies of brain, brawn, honor, and loyalty. His father died in 1845, leaving a future statesman and jurist, the youngest child of six. He early lightened his widowed mother's burden by making his own way and paying, by work, his expenses in public school and through Wyoming Seminary, of whose faculty upon graduation he became a member.

In this, as in all other stations of life, he improved and adorned it. Three years in the seminary faculty was but one means for discipline, culture, and refinement in preparation for the law.

Here he met Martha A. Myers, who, in 1867, the year of Nebraska's admission to the Union, became his wife. Mrs. Weaver's ancestry were of those whose men battled in the field of revolution and whose women defended the homes against the cruel red men, who made the name of Wyoming at once one of terror and heroism.

His ambition for excellence was such that he did not permit the responsibilities of matrimony nor his limited means to keep him from a full course in the law department of Harvard, which was then, as now, one of the world's greatest universities. He had studied law in the office of Henry Hoyt, afterwards Governor of Pennsylvania. He, with his family, in 1869 came to Falls City, the site of his home and the scene of his many agricultural, civic, professional, and political activities. Falls City had for many years one of the strongest bars in Nebraska.

He was attracted by the rich soil of southeastern Nebraska and invested therein to the extent of his means. The future richly justified his judgment.

His investments, transmitted to his widow and children, have increased in value many fold.

He left a rich heritage to his State in his children—most especially his son, Arthur J. Weaver, who has recently closed a term as Governor of Nebraska, a term which for devotion to duty, strong grasp of public affairs, and the love and affection of all who knew him leaves a record unsurpassed. This son was president of our latest constitutional convention held in 1920. The product of that convention, which was almost unanimously approved by the voters of the State, registered sound progress and a fair measure of conservatism and leaves Nebraska blessed in the character of our fundamental laws.

HON. JOHN H. MOREHEAD, former governor, now sitting as distant successor in point of time to Congressman Weaver, said of him—

He was a man of strong personal appearance, high intellectuality, sterling character, in whom his neighbors and the people of his district and State had implicit confidence and trust.

Governor MOREHEAD speaks of the fine family left by this comparatively young man as one of the outstanding Nebraska families not only in the State's notice but in the affection of all the people in his home city.

Congressman Weaver, being the type that he was, equipped mentally and physically as he was, in the formative period of a new State could not have been permitted to follow exclusively his personal interests and ambitions. He was early called to serve in two constitutional conventions, in 1871 and 1875, where his real measure was taken by the State. It apparently destined him to exalted advancements.

For four years he was prosecuting attorney for the first judicial district. Then he served four years as judge of the same district, which district included Fillmore, the county of my continued Nebraska residence. His grasp of public affairs, and his power of presentation, marked him as a fitting representative for the first district, which contained Omaha, the metropolis; Lincoln, the capital; and Beatrice, the State's third city. In each of these were men of high standing and ability. He was always a staunch Republican, stand-

ing for its fundamental doctrines, and defending them wherever propriety or good opportunity presented.

In Congress he readily attracted the notice of Republican leadership, and was given in committees opportunity for the exercise and demonstration of his powers.

I shall speak of but one important piece of legislation upon which he made his personal impress, to the extent that many of his colleagues and others in a position to know gave him primary credit for the Interstate Commerce Commission law. In this he took a decided part. True he was then in the minority, but when it came to crystalizing that legislation into law he was one of the House conferees. To name the membership makes it a mark of distinction to have been one.

The conferees of the House were Reagan, of Texas, one of the stalwart Democrats then in Congress; Crisp, of Georgia, afterwards Speaker of the House, and father of our distinguished colleague and Democratic leader, CHARLES F. CRISP. The Senate conferees were Cullom, of Illinois; Platt, of Connecticut, Republicans; and Harris, of Tennessee, Democrat.

In Congressman Weaver's work upon this measure, he demonstrated at once that he stood for wholesome progress, away from the system then of rebates, passes, and discriminations. And, on the other hand, he stood for that conservatism in transportation control which recognizes the public's and individual's right. In this legislation was included a measure and means for that right to be accorded to the poorest farmer or merchant up to the great mine, lumber, and wholesale corporations, whose goods were carried in interstate commerce.

Retiring voluntarily from Congress March 4, 1887, it appeared that the State was about to call him to the senatorship. In the long-drawn-out contest for the seat occupied by Charles H. Van Wyck, Congressman Weaver at one time lacked but one vote of being made the Republican nominee, which would have insured election.

Soon after the legislative contest, on the 18th of April, 1887, pneumonia asserted mastery of that strong frame, and death touched his great life. So he dwelt apart from the wife of his brief and brilliant career, until the 29th of March, 1922, when she joined him—

In that land far away, 'mid the stars, we are told,
Where they know not the sorrows of time—
Where the pure waters wander through valleys of gold,
And life is a treasure sublime;
'Tis the land of our God, 'tis the home of the soul,
Where the ages of splendor eternally roll—
Where the way-weary traveler reaches his goal
On the evergreen mountains of life.

My personal acquaintance with Congressman Weaver was casual and contact infrequent, as those factors are usually numbered. My knowledge was from close reading of his work in Congress and in Nebraska contemporary history, which I then taught. Especially I learned of Judge Weaver from my preceptor, Hon. John Penrose Maule, then of Fairmont, Nebr., who for four years had served as district attorney in the first judicial district, over which Judge Weaver presided. Mr. Maule, like Weaver, was of Pennsylvania stock. In his precepts he talked of legal principles, but more of men and especially judges. Many men from the bench came in for his shaft of wit and sarcasm as well as commendation. But of Judge Weaver he never wearied expressing commendation. The sterling worth of the jurist had deeply impressed the younger lawyer to a point of idealization.

So I came to know Judge Weaver. I had just prior to that time been studying Edmund Burke, who in his matchless English and profound philosophy worded many of literature's best statements. These two passages from Burke seemed to have impressed Maule, as they do me now:

The cold neutrality of an impartial judge, * * * a disposition to preserve and an ability to improve, taken together would be my standard of a statesman.

He seemed to meet the measure of the Socratic rule:

Four things belong to a judge. To hear courteously, to answer wisely, to consider soberly, and to decide impartially.

Depth of study and opportunity for application in private, professional, and public life gave to Weaver in Congress and on the bench opportunities for that fine and unerring judgment only possible where the jurist or the statesman subscribes to the dominance of law and the subordination of men. This doctrine and rule of conduct may prevent and break many friendships. It may be an obstacle to advancement in wealth and power. It may remove even from vision, say naught of acquisition, the many prizes of earth dear to the ambitious man. But in the run of a lifetime and the chain of generations it is the best anchor of our Republic's hope.

Well has Hooker said:

Of law there can be no less acknowledged than that her seat is the bosom of God, her voice the harmony of the world; all things do her homage, the very least as feeling her care, and the greatest as not exempted from her power; both angels and men and creatures of what condition soever, though each in different sort and manner, yet all with uniform consent admiring her as the mother of their peace and joy.

This is the law, and Archibald Jerard Weaver, Congressman and judge, was one of its distinguished disciples.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SPROUL of Illinois, at the request of Mr. CHINDELOM, for two days on account of illness.

To Mr. KENNEDY, indefinitely, on account of illness.

To Mr. HALL of Mississippi, indefinitely, on account of illness.

To Mr. CHASE, at the request of Mr. LEECH, indefinitely, on account of illness.

To Mr. MONTAGUE, for two days, on account of illness.

ORDER OF BUSINESS—PRIVATE CALENDAR

Mr. TILSON. Mr. Speaker, I ask unanimous consent that on Monday it may be in order to take a recess until 8 o'clock p. m., when bills on the Private Calendar, unobjected to, may be considered in the House as in Committee of the Whole, beginning where the last call left off.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that on Monday it may be in order to recess until 8 o'clock in the evening for the purpose of considering bills on the Private Calendar, unobjected to at the point where the last call left off. Is there objection?

Mr. BLANTON. Reserving the right to object, we are going to have an all-day session to-morrow and also on Monday; can not the gentleman from Connecticut make the night session on Wednesday?

Mr. TILSON. Oh, it will not do to go as late as Wednesday. Let us have Monday night to go on with the Private Calendar. Members are entitled to it.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, there are only a few of us who have to work on this calendar, and it is putting too great a burden on us. I object.

Mr. TILSON. I wish to call the attention of the House to the fact that one Member is ready to obstruct the consideration of bills for his own convenience. I do not think it is fair to others. I ask the gentleman to withdraw his objection so that we may go on with the business of the House.

Mr. BLANTON. I am here at all sessions, both day and night. I want to see how much business will be done to-morrow. Will the gentleman ask for a night session to-morrow night?

Mr. TILSON. I am not asking for to-morrow night, but for Monday night.

Mr. BLANTON. Well, for the present, Mr. Speaker, I object.

ENROLLED BILLS SIGNED

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 458. An act for the relief of Catherine Panturis;

H. R. 504. An act for the relief of James Earl Brigman;

H. R. 2694. An act for the relief of the widow of Robert Graham Moss;

H. R. 3187. An act for the relief of Agnes Loupinas;

H. R. 7272. An act to provide for the paving of the Government road across Fort Sill (Okla.) Military Reservation;

H. R. 9803. An act to amend the fourth proviso to section 24 of the immigration act of 1917, as amended;

H. R. 14246. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1932, and for other purposes;

H. R. 15256. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1932, and for other purposes;

H. R. 15593. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1932, and for other purposes;

H. R. 16110. An act making appropriations for the Departments of State and Justice and for the judiciary and for the Departments of Commerce and Labor for the fiscal year ending June 30, 1932, and for other purposes; and

H. R. 17054. An act to increase the loan basis of adjusted-service certificates.

BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President for his approval bills of the House on the following titles:

On February 19, 1931:

H. R. 16654. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1932, and for other purposes.

On February 20, 1931:

H. R. 318. An act for the relief of William S. McWilliams;
H. R. 566. An act for the relief of Charles Smith;
H. R. 589. An act for the relief of Abram H. Johnson;
H. R. 780. An act for the relief of George Selby.
H. R. 783. An act for the relief of Mary Neaf;
H. R. 1526. An act for the relief of Thomas J. Hayden;
H. R. 2505. An act for the relief of William Parish;
H. R. 2550. An act for the relief of Joseph Pulitzer;
H. R. 2584. An act for the relief of Thomas F. Sutton;
H. R. 2729. An act for the relief of Anna E. Stratton;
H. R. 3368. An act for the relief of Joseph Marko;
H. R. 4269. An act for the relief of William L. Wiles;
H. R. 4731. An act for the relief of Frederick Rasmussen;
H. R. 4876. An act for the relief of Joseph Bratton;
H. R. 5470. An act for the relief of Mary L. Dickson;
H. R. 5926. An act for the relief of Lillian N. Lakin;
H. R. 6259. An act for the relief of Alma Rawson;
H. R. 8736. An act to authorize and direct a preliminary examination of the Hocking River for the distance it flows through Athens County, Ohio;

H. R. 9110. An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor;

H. R. 9215. An act for the relief of Jessie Axton;

H. R. 9326. An act to amend the act entitled "An act to carry into effect provisions of the convention between the United States and Great Britain to regulate the level of Lake of the Woods concluded on the 24th day of February, 1925," approved May 22, 1926, as amended;

H. R. 10017. An act to provide for a survey of the Mouse River, N. Dak., with a view to the prevention and control of its floods;

H. R. 10542. An act for the relief of John A. Arnold;

H. R. 10652. An act to authorize the Secretary of Commerce to purchase land and to construct buildings and facilities suitable for radio-research investigations;

H. R. 11268. An act for the relief of Mary C. Bolling;

H. R. 11820. An act to authorize issuance of a patent for certain lands to J. R. Murphy;

H. R. 12094. An act to provide for conveyance of certain lands in the State of Alabama to vocational or other educational uses or to dispose of the lands upon condition that they shall be used for such purposes;

H. R. 12284. An act to provide for the construction of vessels for the Coast Guard for rescue and assistance work on Lake Erie;

H. R. 14049. An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters;

H. R. 15064. An act to reserve 440 acres of public-domain land for addition to the Temecula or Pechanga Reservation, Calif.;

H. R. 15267. An act to amend an act entitled "An act to authorize the cancellation under certain conditions of patents in fee simple to Indians for allotments held in trust by the United States";

H. R. 15877. An act to authorize exchanges of land with owners of private-owned holdings within the Craters of the Moon National Monument;

H. R. 16159. An act authorizing an appropriation of the sum of \$15,000 to defray the expenses of the Pan American Commercial Conference, to be held in Washington, D. C., in 1931;

H. R. 16215. An act authorizing the sale of surplus power developed under the Grand Valley reclamation project, Colorado;

H. R. 16248. An act authorizing the Secretary of War to exchange with the Rosslyn Connecting Railroad Co. lands on the Virginia shore of the Potomac River near the west end of the Arlington Memorial Bridge;

H. R. 16913. An act to amend the act entitled "An act to extend the provisions of certain laws to the Territory of Hawaii," approved March 10, 1924; and

H. R. 17054. An act to increase the loan basis of adjusted-service certificates.

ADJOURNMENT

Mr. TILSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 10 minutes p. m.) the House adjourned until to-morrow, Saturday, February 21, 1931, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SNELL: Committee on Rules. H. Res. 365. A resolution providing for the consideration of S. 4750 an act to authorize alterations and repairs to certain naval vessels; without amendment (Rept. No. 2765). Referred to the House Calendar.

Mr. SNELL: Committee on Rules. H. Res. 366. A resolution providing for the consideration of H. R. 16836, a bill to amend the act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended; without amendment (Rept. No. 2766). Referred to the House Calendar.

Mr. SNELL: Committee on Rules. H. Res. 367. A resolution providing for the consideration of S. 5139, an act to extend the provisions of certain laws relating to vocational education and civilian rehabilitation to Porto Rico; without amendment (Rept. No. 2767). Referred to the House Calendar.

Mr. SNELL: Committee on Rules. H. Res. 353. A resolution for the consideration of S. 550, entitled "A bill to regulate the distribution and promotion of commissioned officers of the line of the Navy, and for other purposes"; without amendment (Rept. 2768). Referred to the House Calendar.

Mr. SNELL: Committee on Rules. H. Res. 368. A resolution providing for the consideration of H. R. 10560, a bill to amend section 22 of the Federal reserve act; without amendment (Rept. No. 2769). Referred to the House Calendar.

Mr. SNELL: Committee on Rules. H. Res. 369. A resolution providing for the consideration of S. 255, an act for the promotion of the health and welfare of mothers and infants, and for other purposes; without amendment (Rept. No. 2770). Referred to the House Calendar.

Mr. SNELL: Committee on Rules. H. Res. 370. A resolution providing for the consideration of H. J. Res. 500, a joint resolution further restricting for a period of two years immigration into the United States; without amendment (Rept. No. 2771). Referred to the House Calendar.

Mr. McSWAIN: Committee on Military Affairs. H. R. 7505. A bill to authorize the construction of a sea wall at Fort Randolph, Panama Canal; without amendment (Rept. No. 2779). Referred to the Committee of the Whole House on the state of the Union.

Mr. WAINWRIGHT: Committee on Military Affairs. H. R. 10884. A bill to authorize the acquisition of a right of way for sewer line in connection with the Fort Bragg Military Reservation, N. C.; without amendment (Rept. No. 2780). Referred to the Committee of the Whole House on the state of the Union.

Mrs. KAHN: Committee on Military Affairs. H. R. 10253. A bill to amend the act of December 5, 1928, entitled "An act to authorize the city of Fort Thomas, Ky., to widen, improve, reconstruct, and resurface Fort Thomas Avenue and to assess the cost thereof against the United States according to front feet of military reservation abutting thereon, and authorizing an appropriation therefor"; without amendment (Rept. No. 2781). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 10370. A bill to authorize the acquisition for military purposes of land in Virginia for use as an addition to Langley Field; without amendment (Rept. No. 2782). Referred to the Committee of the Whole House on the state of the Union.

Mrs. KAHN: Committee on Military Affairs. H. R. 11102. A bill to authorize the Secretary of War to acquire the timber rights on Gigling Field Artillery Target Range in California; without amendment (Rept. No. 2783). Referred to the Committee of the Whole House on the state of the Union.

Mr. WAINWRIGHT: Committee on Military Affairs. H. R. 15768. A bill to authorize the Secretary of War to acquire 75 acres of land, more or less, in the vicinity of and for use in connection with the present military reservation at Fort Ringgold, Tex., and for other purposes; with amendment (Rept. No. 2784). Referred to the Committee of the Whole House on the state of the Union.

Mr. WAINWRIGHT: Committee on Military Affairs. H. R. 15770. A bill to authorize an appropriation for the preservation and repair of historical fortifications at Fort Niagara, N. Y., and for other purposes; with amendment (Rept. No. 2785). Referred to the Committee of the Whole House on the state of the Union.

Mrs. KAHN: Committee on Military Affairs. H. R. 17142. A bill to authorize the erection of a moving-picture theater at Fort Snelling, Minn.; without amendment (Rept. No. 2786). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 17166. A bill to amend the second deficiency act, fiscal year 1930; without amendment (Rept. No. 2787). Referred to the Committee of the Whole House on the state of the Union.

Mr. WURZBACH: Committee on Military Affairs. S. 5920. An act authorizing the attendance of the Army Band at the annual encampment of the Grand Army of the Republic, to be held at Des Moines, Iowa; without amendment (Rept. No. 2788). Referred to the Committee of the Whole House on the state of the Union.

Mr. PARKER: Committee on Interstate and Foreign Commerce. A report pursuant to H. Res. 114 on common carriers in connection with holding companies, capital interests, control, etc.; without amendment (Rept. No. 2789). Referred to the House Calendar and ordered to be printed with illustrations.

Mr. McSWAIN: Committee on Military Affairs. H. R. 8158. A bill to authorize the exchange of certain land at Detroit, Mich., in connection with the easterly boundary line of the Fort Wayne Military Reservation; with amend-

ment (Rept. No. 2796). Referred to the Committee of the Whole House on the state of the Union.

Mr. CABLE: Committee on Immigration and Naturalization. H. R. 16296. A bill to provide for exclusion and expulsion of alien communists; without amendment (Rept. No. 2797). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAPES: Committee on Interstate and Foreign Commerce. H. R. 16915. A bill authorizing the purchase of the State laboratory at Hamilton, Mont., constructed for the prevention, eradication, and cure of spotted fever; with amendment (Rept. No. 2798). Referred to the Committee of the Whole House on the state of the Union.

Mr. JOHNSON of Washington: Committee on Immigration and Naturalization. H. R. 17152. A bill to expedite the deportation of certain aliens, and for other purposes; without amendment (Rept. No. 2799). Referred to the Committee of the Whole House on the state of the Union.

Mr. IRWIN: Committee on Claims. H. R. 17168. A bill to provide for the settlement of claims against the United States on account of property damage, personal injury, or death; with amendment (Rept. No. 2800). Referred to the Committee of the Whole House on the state of the Union.

Mr. FREE: Committee on Immigration and Naturalization. H. J. Res. 507. A joint resolution regulating for a period of two years the migration of certain peoples into the United States; without amendment (Rept. No. 2801). Referred to the Committee of the Whole House on the state of the Union.

Mr. SPROUL of Kansas: Committee on Mines and Mining. H. R. 4811. A bill to authorize the Bureau of Mines to manufacture 1 gram of radium; without amendment (Rept. No. 2802). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 16858. A bill to confer jurisdiction on the Court of Claims to hear and determine certain claims of the Eastern Emigrant and Western Cherokee Indians of Oklahoma and North Carolina; with amendment (Rept. No. 2805). Referred to the Committee of the Whole House on the state of the Union.

Mr. LUCE: Committee on World War Veterans' Legislation. H. R. 17121. A bill to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet; without amendment (Rept. No. 2806). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 17151. A bill to authorize per capita payments to the Indians of the Cheyenne River Reservation, S. Dak.; with amendment (Rept. No. 2807). Referred to the Committee of the Whole House on the state of the Union.

Mr. REID of Illinois: Committee on the District of Columbia. S. 4325. A bill to amend subchapter 5 of chapter 18 of the Code of Law for the District of Columbia by adding thereto a new section to be designated section 648-a; without amendment (Rept. No. 2808). Referred to the House Calendar.

Mr. ZIHLMAN: Committee on the District of Columbia. S. 6077. An act providing for the closing of barber shops on Sunday in the District of Columbia; without amendment (Rept. No. 2809). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. IRWIN: Committee on Claims. S. 293. An act for the relief of Margaret Crotty; with amendment (Rept. No. 2772). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 1536. An act for the relief of Blanch Broomfield; without amendment (Rept. No. 2773). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 1876. An act for the relief of the Columbia Casualty Co.; without amendment (Rept. No. 2774). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 2296. An act for the relief of Nellie McMullen; with amendment (Rept. No. 2775). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 4382. An act for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased; without amendment (Rept. No. 2776). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 5197. An act for the relief of the David Gordon Building & Construction Co.; without amendment (Rept. No. 2777). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 5789. An act for the relief of the United States Hammered Piston Ring Co.; without amendment (Rept. No. 2778). Referred to the Committee of the Whole House.

Mr. WOODRUFF: Committee on Naval Affairs. S. 5481. An act to authorize the presentation of a medal of honor, posthumously, to the late Henry Clay Drexler and to the late George Robert Cholister, boatswain's mate, first class, United States Navy; without amendment (Rept. No. 2790). Referred to the Committee of the Whole House.

Mr. BRITTEN: Committee on Naval Affairs. S. 5514. An act to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely; without amendment (Rept. No. 2791). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 6113. An act for the relief of James M. Griffin, disbursing agent, United States Coast and Geodetic Survey, and for other purposes; without amendment (Rept. No. 2792). Referred to the Committee of the Whole House.

Mr. FITZGERALD: Committee on Claims. H. R. 1596. A bill for the relief of James E. Fraser; with amendment (Rept. No. 2793). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 11606. A bill for the relief of Edwin L. Menzer; with amendment (Rept. No. 2794). Referred to the Committee of the Whole House.

Mr. ALLGOOD: Committee on War Claims. H. R. 13107. A bill for the relief of Grover Cleveland Ballard; without amendment (Rept. No. 2795). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 17196) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near President, Venango County, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. SHOTT of West Virginia: A bill (H. R. 17197) authorizing A. A. Lilly, his heirs, legal representatives, and assigns to construct, maintain, and operate a bridge across the Big Sandy River at or near where it enters into the Ohio River, and between the cities of Kenova, W. Va., and Catlettsburg, Ky.; to the Committee on Interstate and Foreign Commerce.

By Mr. SINCLAIR: A bill (H. R. 17198) granting the consent of Congress to the State of North Dakota to construct, maintain, and operate a free highway bridge across the Missouri River at or near Elbowoods, N. Dak.; to the Committee on Interstate and Foreign Commerce.

By Mr. GOSS: A bill (H. R. 17199) regulating the use of appropriations for the military and nonmilitary activities of the War Department; to the Committee on Military Affairs.

By Mr. JAMES of Michigan (by request of the War Department): A bill (H. R. 17200) to declare the Missionary Ridge Crest Road in the Chickamauga and Chattanooga National Military Park to be an approach road to the said park; to the Committee on Military Affairs.

By Mr. JOHNSON of Washington: A bill (H. R. 17201) to establish a uniform retirement system for interstate rail-

road employees and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McFADDEN: A bill (H. R. 17202) to authorize an investigation of certain fiscal policies of the Government of Cuba, and for other purposes; to the Committee on Rules.

By Mrs. OWEN: A bill (H. R. 17203) for the relief of certain medical officers of the United States Public Health Service; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDRESEN: A bill (H. R. 17204) to authorize the designation of depositories for public documents, and for other purposes; to the Committee on Printing.

By Mr. IRWIN: A bill (H. R. 17205) to authorize construction and to authorize appropriation for construction at Scott Field, Ill.; to the Committee on Military Affairs.

By Mr. JEFFERS: A bill (H. R. 17206) to authorize the Secretary of War to lend War Department equipment for use at the Alabama Department Convention of the American Legion at Talladega, Ala., during the month of July, 1931; to the Committee on Military Affairs.

By Mr. LOZIER: A bill (H. R. 17207) providing for the establishment of the Gen. John J. Pershing National Military Park, near Laclede, Linn County, Mo.; to the Committee on Military Affairs.

By Mr. FRENCH: Joint resolution (H. J. Res. 512) providing for the appointment of a joint committee of the Senate and House of Representatives to investigate promotion, pay, allowances, and allied subjects affecting the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service; to the Committee on Rules.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the State Legislature of the State of North Dakota, memorializing the Congress of the United States to refrain from enacting any laws imposing a tariff or embargo on petroleum products or its refined products; to the Committee on Ways and Means.

Memorial of the State Legislature of the State of Oregon, memorializing the Congress of the United States to prevent the immigration of all foreign peoples whose economic status is such as to warrant their classification as possible competitors with American labor in American industries; to the Committee on Immigration and Naturalization.

By Mr. ENGLEBRIGHT: Memorial of the Legislature of the State of California, memorializing Congress for reimbursement of money spent on river protection in Palo Verde Valley; to the Committee on Irrigation and Reclamation.

Also, memorial of the California Legislature, relative to urging the Navy Department of the United States to cease its survey for and action in reducing the Navy of the United States during the present depression in business and commerce and requesting a reinstatement of sailors and enlisted men who have been surveyed out; to the Committee on Naval Affairs.

Also, memorial of the California Legislature, relative to urging the Post Office Department of the United States to cease its survey for and action in reducing the personnel of the Postal Service of the United States during the present depression in business and commerce and requesting a reinstatement of men who have been surveyed out; to the Committee on the Post Office and Post Roads.

Also, memorial of the California Legislature, memorializing Congress to amend the World War veterans act by providing for the cash payment of the surrender value of adjusted-service certificates; to the Committee on Ways and Means.

Also, memorial of the California Legislature, memorializing Congress to enact legislation which will place a tariff upon oil; to the Committee on Ways and Means.

By Mr. GARNER: Memorial of the Legislature of the State of Texas, memorializing Congress to enact adequate

tariff on crude oil and refined products; to the Committee on Ways and Means.

By Mr. SMITH of West Virginia: Memorial of the Legislature of the State of West Virginia, memorializing Congress to enact legislation to aid in the treatment of crippled children; to the Committee on Education.

By Mr. KORELL: Memorial of the Oregon Legislature, memorializing Congress to exclude immigration of peoples whose economic status will place them in competition with domestic laborers; to the Committee on Immigration and Naturalization.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 17208) granting an increase of pension to Nancy P. Conrad; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 17209) granting a pension to Susan E. Shelton; to the Committee on Invalid Pensions.

By Mr. BACHARACH: A bill (H. R. 17210) granting an increase of pension to Leonie E. Fisher; to the Committee on Pensions.

By Mr. CHASE: A bill (H. R. 17211) granting an increase of pension to Clara P. Rickard; to the Committee on Invalid Pensions.

By Mr. CRADDOCK: A bill (H. R. 17212) granting a pension to Esther V. Bennett; to the Committee on Invalid Pensions.

By Mr. FITZPATRICK: A bill (H. R. 17213) for the relief of Leonora Simons; to the Committee on Claims.

By Mr. HASTINGS: A bill (H. R. 17214) for the relief of W. A. Peters; to the Committee on Claims.

By Mr. IRWIN: A bill (H. R. 17215) granting a pension to Thomas Wright; to the Committee on Pensions.

By Mr. JEFFERS: A bill (H. R. 17216) for the relief of Lieut. Francis H. A. McKeon; to the Committee on Claims.

By Mr. KADING: A bill (H. R. 17217) granting an increase of pension to Frances Bryant; to the Committee on Invalid Pensions.

By Mr. MOUSER: A bill (H. R. 17218) granting an increase of pension to Katherine D. Gebhardt; to the Committee on Invalid Pensions.

By Mrs. OWEN: A bill (H. R. 17219) granting a pension to Charlotte R. Somerville; to the Committee on Invalid Pensions.

By Mr. PALMER: A bill (H. R. 17220) granting a pension to Sarah J. Coffman; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 17221) granting an increase of pension to Lottie L. Day; to the Committee on Invalid Pensions.

By Mr. SANDERS of New York: A bill (H. R. 17222) granting an increase of pension to Kate S. Beach; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 17223) granting an increase of pension to Mary L. Beers; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 17224) granting an increase of pension to Elizabeth Guy; to the Committee on Invalid Pensions.

By Mr. WOLVERTON of West Virginia: A bill (H. R. 17225) granting an increase of pension to Julia A. Zinn; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10000. By Mr. AYRES: Petition of citizens of Wichita, Kans., in behalf of House Joint Resolution No. 356, providing for an amendment to the United States Constitution excluding unnaturalized aliens from the count of the population for reapportionment of congressional districts among the States; to the Committee on the Judiciary.

10001. By Mr. BACHARACH: Petition of citizens of Bridgeton, N. J., urging the passage of the Sparks-Capper House Joint Resolution No. 356, providing for an amendment to the United States Constitution excluding the approximately 7,500,000 unnaturalized aliens from the count of the population of the Nation for apportionment of congressional districts among the States; to the Committee on the Judiciary.

10002. By Mr. BACHMANN: Petition of Mrs. Frank W. Blake and other members of the Women's Bible Class, Thomson Methodist Episcopal Church, Wheeling, W. Va., urging that action be taken on the proposed Sparks-Capper stop alien representation amendment (H. J. Res. 356) providing for an amendment to the United States Constitution excluding the approximately 7,500,000 unnaturalized aliens from the count of the population of the Nation for apportionment of congressional districts among the States; to the Committee on the Judiciary.

10003. By Mr. BEERS: Petition of members of American Legion Auxiliary, Mansbarger-Brumbaugh Post, No. 288, favoring immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

10004. By Mr. BLACKBURN: Resolution of the Kentucky Poultry Improvement Association, adopted at the meeting of its board of directors in Lexington, January 27, 1931, and transmitted through its secretary, Strauter Harney, urging immediate consideration for the upward revision of the tariff schedule on dried eggs; to the Committee on Ways and Means.

10005. By Mr. BOHN: Petition of the board of supervisors of Alger County, Mich., requesting the Emergency Unemployment Commission of the Federal Government to provide funds for road work and such other work as the Government has in its national forests and purchase units in the upper peninsula; to the Committee on the Judiciary.

10006. By Mr. BOYLAN: Resolution unanimously adopted at a meeting held in Albany, N. Y., January 23, 1931, by the New York State Guernsey Breeders' Association (Inc.), opposing the ruling of the Commissioner of Internal Revenue in relation to the substance used to color oleomargarine; to the Committee on Agriculture.

10007. Also, letter from the National Council of Jewish Women, of New York City, opposing House Joint Resolution 500; to the Committee on Immigration and Naturalization.

10008. By Mr. BRUNNER: Petition of Edward A. Crellin, 34-20 Ninety-ninth Street, Corona, Long Island, and 25 additional residents of the second Queensborough district, N. Y., favoring House bill 7884, known as the dog exemption bill, urging early and favorable vote on same; to the Committee on the District of Columbia.

10009. By Mr. BROWNE: Petition of Willow Hill Cheese Factory, Clintonville; Dairy Queen Cheese Factory, Bear Creek; Town Line Cheese Factory, Clintonville; Maple Leaf Cheese Factory, Bear Creek; Silver Star Cheese Factory, Embarrass; and Twin Butter & Cheese Co., Clintonville; all of the State of Wisconsin, favoring prohibiting the use of butter substitutes in hospitals and other State institutions and in favor of a stringent law governing the moisture content of processed cheese; to the Committee on Agriculture.

10010. By Mr. CAMPBELL of Iowa: Petition of 76 citizens of Sioux City, Iowa, and 36 citizens of Auburn, Iowa, and vicinity, urging immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

10011. By Mr. CLARKE of New York: Petition of 31 citizens of Hartwick, N. Y., urging support of Sparks-Capper amendment, alien representation bill; to the Committee on the Judiciary.

10012. By Mr. COOPER of Wisconsin: Memorial of Wisconsin Dairymen's Association, urging passage of the so-called Brigham oleomargarine bill; to the Committee on Agriculture.

10013. By Mr. CROWTHER: Petition of citizens of Schenectady, N. Y., urging support of the Sparks-Capper stop-alien representation amendment (H. J. Res. 356); to the Committee on the Judiciary.

10014. Also, petition of citizens of Schenectady, N. Y., urging support of the Sparks-Capper amendment (H. J. Res. 356); to the Committee on the Judiciary.

10015. Also, petition of citizens of Scotia, N. Y., urging support of the Sparks-Capper stop-alien representation amendment (H. J. Res. 356) providing for an amendment to the United States Constitution excluding the approximately 7,500,000 unnaturalized aliens from the count of the population of the Nation for apportionment of congressional districts among the States; to the Committee on the Judiciary.

10016. By Mr. DAVENPORT: Petition of Dominick Donato and others of Utica, N. Y., for the immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

10017. Also, petitions of Utica Somerset Woman's Christian Temperance Union, Utica; Norway (Herkimer County) Woman's Christian Temperance Union; Clinton Woman's Christian Temperance Union; Ilion Woman's Christian Temperance Union; Rome Woman's Christian Temperance Union; Poland Woman's Christian Temperance Union; and Little Falls Woman's Christian Temperance Union, all of the State of New York, favoring the passage of the Grant Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

10018. Also, petition of Mohawk (N. Y.) Woman's Christian Temperance Union, favoring the passage of the Grant Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

10019. By Mr. DAVIS: Petition to amend the Constitution of the United States; to the Committee on the Judiciary.

10020. By Mr. EVANS of California: Petition of W. Lee Davis and approximately 33 others, urging the passage of House Joint Resolution 356; to the Committee on the Judiciary.

10021. By Mr. FITZGERALD: Petition of Twin City Council, No. 307, Junior Order United American Mechanics, West Carrollton, Ohio, by C. W. Grushon, recording secretary, praying for early passage of House Joint Resolution 473, for further restriction of immigration; to the Committee on Immigration and Naturalization.

10022. By Mr. FITZPATRICK: Petition of James Blondheim, of 612 Saint Lawrence Avenue, Bronx, New York City, and 38 other residents of New York, urging the immediate cash payment of the World War veterans' adjusted-service certificates; to the Committee on Ways and Means.

10023. Also, resolution adopted by the council of the third district, United States Naval Reserve Officers' Association, urging the passage of House bill 15006, authorizing the promotion of one grade upon retirement to officers of the Army, Navy, Marine Corps, and Coast Guard in recognition of war service; to the Committee on Military Affairs.

10024. By Mr. GOODWIN: Petition of John McCoy, 3243 Knox Avenue north, Minneapolis, Minn., and 38 other ex-service men, in behalf of the immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

10025. Also, petition of Gust Backlund and 36 other citizens of Minneapolis, Minn., urging Congress to pass legislation providing for the immediate cash payment of adjusted-service compensation certificates to the veterans of the World War; to the Committee on Ways and Means.

10026. Also, petition of William C. Schultz and 13 other World War veterans, and 45 residents and citizens of Minneapolis with no military service, urging Congress to pass a law providing for immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

10027. By Mr. HALL of North Dakota: Petition of the Corrinne Farmers' Union, Local No. 33, of Courtenay, N. Dak., urging a tax of 10 cents a pound on yellow oleomargarine; to the Committee on Agriculture.

10028. Also, petition of Farmers' Union, Local No. 6, of Green Township, Barnes County, N. Dak., protesting against

the importation of Canadian wheat for the purpose of milling in transit; to the Committee on Ways and Means.

10029. By Mr. HANCOCK of New York: Petition of F. H. Ebeling, and other residents of Syracuse, N. Y., favoring the Sparks-Capper amendment; to the Committee on the Judiciary.

10030. By Mr. HICKEY: Petition of Mr. and Mrs. E. K. Van Winkle, and other residents of Mishawaka, Ind., urging passage of the Sparks-Capper amendment; to the Committee on the Judiciary.

10031. By Mr. HILL of Washington: Petition of Church of the Brethren, Wenatchee, Wash., urging passage of the Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

10032. By Mr. HULL of Wisconsin: Petition of citizens of Monroe County, Wis., favoring cash payment of adjusted-compensation certificates; to the Committee on Ways and Means.

10033. Also, petition of the Woman's Christian Temperance Union, of Abbotsford, Wis., favoring the Hudson motion picture bill; to the Committee on Interstate and Foreign Commerce.

10034. Also, resolution of the National Farmers' Union, of Mauston, Wis., favoring a higher tax on oleomargarine and protesting against the recent ruling of the Commissioner of Internal Revenue as to the use of palm oil in oleomargarine; to the Committee on Agriculture.

10035. By Mr. KADING: Petition signed by citizens of Thiensville, Wis., urging legislation for placing a tax of 10 cents per pound on yellow oleomargarine; to the Committee on Agriculture.

10036. Also, communication from the secretary of the Christian Mothers Society, consisting of 400 members of Port Washington, Wis., protesting against the enactment of the Gillett bill providing an amendment to the tariff act and Criminal Code so that literature and other material for use in contraception or artificial birth control could be imported into the United States; to the Committee on the Judiciary.

10037. Also, petition signed by citizens of Palmyra, Sullivan, and Eagle, Wis., urging the passage and enactment of the Sparks-Capper bill amending the United States Constitution to eliminate all unnaturalized aliens in connection with apportionment of congressional districts; to the Committee on the Judiciary.

10038. Also, petition of citizens of Jefferson, Wis., urging the passage and enactment of the Sparks-Capper bill amending the United States Constitution, providing for the elimination of unnaturalized aliens in connection with apportionment of congressional districts; to the Committee on the Judiciary.

10039. By Mr. MOORE of Virginia: Petition of Mrs. Jessie T. Dean, Mrs. S. V. Hildebrand, Mrs. Theodore B. Manny, and others, urging support of the Sparks-Capper amendment (H. J. Res. 356); to the Committee on the Judiciary.

10040. Also, petition of Law Enforcement League of Prince William County, Va., by L. Ledman, secretary, and J. J. Murphy, president, urging support of the proposed Sparks-Capper amendment (H. J. Res. 356); to the Committee on the Judiciary.

10041. By Mr. RICH: Petition of the Men's Bible Class of the Methodist Episcopal Church of Williamsport, Pa., favoring House Joint Resolution 356, known as the Sparks-Capper bill; to the Committee on the Judiciary.

10042. Also, petition of citizens of Lock Haven, Pa., favoring the payment of adjusted-compensation certificates; to the Committee on Ways and Means.

10043. Also, petition of citizens of Lock Haven, Pa., requesting immediate cash payment of face value of adjusted-compensation certificates created by section 702, World War adjusted compensation act of 1924; to the Committee on Ways and Means.

10044. By Mr. REED of New York: Petition of Gerry Woman's Christian Temperance Union, Almond Woman's Christian Temperance Union, and Little Valley Woman's Christian Temperance Union indorsing House bill 9986; to the Committee on Interstate and Foreign Commerce.

10045. By Mr. ROBINSON: Petition of E. C. Wetherbee, secretary of the Marshall County Holstein Association, Marshalltown, Iowa, urging the passage of House bill 15934, placing a tax on oleomargarine colored to resemble butter; to the Committee on Agriculture.

10046. By Mr. SELVIG: Petition of Halstad Creamery Co., of Halstad, Minn., urging enactment of Brigham bill, H. R. 15934, restoring 10-cent tax on all colored oleomargarine, and also favoring House bill 3868, making it mandatory to use dairy products in all Government institutions; to the Committee on Agriculture.

10047. Also, petition of Minnesota State Grange, favoring enactment of Brigham bill, H. R. 15934; to the Committee on Agriculture.

10048. Also, petition of Winger (Minn.) Farmers' Creamery Co., urging enactment of the Brigham bill, H. R. 15934, proposing a tax on oils used in the manufacture of butter substitutes; to the Committee on Agriculture.

10049. Also, petition of directors of Farmers' Cooperative Creamery Association of Newfolden, Minn., urging passage of Brigham bill, H. R. 15934, and any legislation that will favor the dairy industry in the Northwest; to the Committee on Agriculture.

10050. Also, petition of Karlstad (Minn.) Cooperative Creamery Association, urging enactment of the Brigham bill, H. R. 15934, at this session of Congress; to the Committee on Agriculture.

10051. By Mr. SNOW: Petition of Thomas A. Donaher, of Madawaska, Me., and 37 others, urging the immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

10052. By Mr. SPARKS: Petition of the Methodist Episcopal Ladies' Aid of Logan, Kans., for Federal supervision of motion pictures as provided in the Grant Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

10053. Also, petition of the Woman's Missionary Association, of Harlan, Kans., for the Federal supervision of the motion pictures as provided in the Grant-Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

10054. Also, petition of Woman's Christian Temperance Union, of Webber, Kans., for Federal supervision of motion pictures as provided in the Grant-Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

10055. Also, petition of the Farm and Home Institute, of Sharon Springs, Kans., for the Federal supervision of motion pictures as provided in the Grant-Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

10056. By Mr. SWANSON: Petition of Mrs. W. G. Reynolds and others, of Council Bluffs, Iowa, favoring the exclusion of aliens in the apportionment of the House of Representatives; to the Committee on the Judiciary.

10057. By Mr. TARVER: Petition of veterans of the World War, of Chattooga County, Ga., asking the payment in full of adjusted-service certificates; to the Committee on Ways and Means.

10058. By Mr. THATCHER: Petition supporting House Joint Resolution 356, providing for an amendment to the United States Constitution excluding the approximately 7,500,000 unnaturalized aliens from the count of the population of the Nation for apportionment of congressional districts among the States; to the Committee on the Judiciary.

10059. By Mr. VINCENT of Michigan: Petition of advisory board of the First Baptist Church, of Owosso, Mich., in regard to the Grant M. Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

10060. By Mr. WASON: Petition of Rev. W. R. Pierce and 10 other residents of Haverhill, N. H., favoring the proposed Sparks-Capper stop-alien representation amendment (H. J. Res. 356); to the Committee on the Judiciary.

10061. By Mr. WHITLEY: Petition of citizens of Washington, D. C., requesting favorable action on House bill 7884; to the Committee on the District of Columbia.

10062. By Mr. WOLVERTON of West Virginia: Petition of Weston Council, No. 59, Junior Order of American Mechanics, by William Herron, D. F. Kelley, and W. L. Givens, committee, of Weston, W. Va., urging Congress to take action on legislation now pending to restrict immigration; to the Committee on Immigration and Naturalization.

10063. By Mr. WYANT: Petition of members of the Long Run Presbyterian Church, Westmoreland County, Pa., urging support of Sparks-Capper amendment to eliminate approximately 7,000,000 unnaturalized aliens and count only citizens in proposed congressional reapportionment; to the Committee on the Judiciary.

SENATE

SATURDAY, FEBRUARY 21, 1931

(Legislative day of Tuesday, February 17, 1931)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Keyes	Schall
Barkley	Frazier	King	Sheppard
Bingham	George	La Follette	Shipstead
Black	Gillett	McGill	Shortridge
Blaine	Glenn	McKellar	Smith
Borah	Goff	McNary	Smoot
Bratton	Goldsborough	Morrison	Stelwer
Brock	Gould	Morrow	Stephens
Brookhardt	Hale	Moses	Swanson
Broussard	Harris	Norbeck	Thomas, Idaho
Bulkley	Harrison	Norris	Thomas, Okla.
Capper	Hastings	Nye	Trammell
Caraway	Hatfield	Oddie	Tydings
Carey	Hawes	Partridge	Vandenberg
Connally	Hayden	Patterson	Wagner
Copeland	Hebert	Phipps	Walcott
Couzens	Heflin	Pittman	Walsh, Mass.
Cutting	Howell	Ransdell	Waterman
Dale	Johnson	Reed	Watson
Davis	Jones	Robinson, Ark.	Wheeler
Fess	Kendrick	Robinson, Ind.	Williamson

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

NOTICE OF ADDRESS ON WASHINGTON AND HIS CONTEMPORARIES

Mr. BARKLEY. Mr. President, I ask unanimous consent that on Monday, following the reading of Washington's Farewell Address, I may deliver a brief address on Washington and his contemporaries.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the request is granted.

TABLET TO NANCY HART (S. DOC. NO. 290)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation, fiscal year 1931, to remain available until expended, for the War Department, for a tablet to Nancy Hart, amounting to \$650, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

FOURTH PAN AMERICAN COMMERCIAL CONFERENCE (S. DOC. NO. 291)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation for the Department of State, fiscal year 1931, to remain available until June 30, 1932, amounting to \$15,000, to enable the Pan American Union to meet the expenses of the Pan American Commercial Conference to be held in Washington, D. C., in 1931, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

CONSTRUCTION OF FACILITIES ON GOVERNMENT ISLAND, ALAMEDA, CALIF. (S. DOC. NO. 292)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appro-

propriation for the Department of Agriculture, fiscal year 1931, to remain available until expended, amounting to \$800,000, for the construction of facilities for the Bureau of Public Roads and Forest Service of the Department of Agriculture, and the Coast Guard of the Treasury Department, on Government Island, Alameda, Calif., which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

OMAHA, NEBR., FEDERAL BUILDING AND BINGHAM CANYON, UTAH, POST OFFICE (S. DOC. NO. 289)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a draft of proposed legislation pertaining to an existing appropriation for the Treasury Department for sites and construction, public buildings act, of May 25, 1926, as amended—Omaha, Nebr., Federal office building (estimated total cost \$740,000), and Bingham Canyon, Utah, post office, etc. (estimated total cost \$75,000), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PRINTING AND BINDING, COURT OF CUSTOMS AND PATENT APPEALS (S. DOC. NO. 293)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Department of Justice, fiscal year 1931, amounting to \$2,900, for printing and binding for the United States Court of Customs and Patent Appeals, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S. DOC. NO. 294)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, in compliance with law, records of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury and requiring an appropriation for their payment—under the Navy Department, \$36,145, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram from C. W. Taintor, of Wellton, Ariz., stating "Please make orderly arrest for fair judicial consideration of those United States citizens responsible for shooting Nicaraguan marines evacuating Nicaragua now," which was referred to the Committee on Naval Affairs.

Mr. MORROW presented petitions of sundry citizens of the State of New Jersey, praying for the passage of legislation for the exemption of dogs from vivisection in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented resolutions adopted by the Board of Chosen Freeholders of Salem County, N. J., favoring the passage of House bill 10887 and Senate bill 1498, providing for the granting of a franchise to the Delaware-New Jersey Bridge Co. for the building of a bridge across Delaware River between Delaware and New Jersey by the use of private capital, which were referred to the Committee on Commerce.

He also presented petitions numerous signed by sundry citizens of the State of New Jersey, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented a letter in the nature of a memorial from the Rosary Society of Saint Teresa's Church, Summit, N. J., remonstrating against the passage of the so-called birth control bill, being the bill (S. 4582) to amend section 305 (a) of the tariff act of 1922, as amended, and sections 211, 245, and 312 of the Criminal Code, as amended, which was referred to the Committee on the Judiciary.

He also presented the petition of Cora L. Hartsborn, chairman of the Short Hills (N. J.) committee of the New